

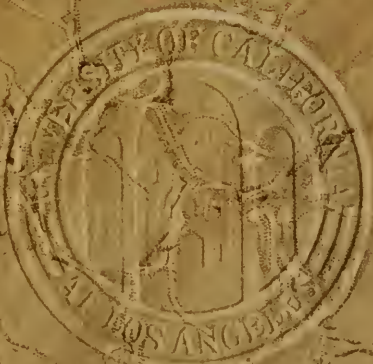
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VAUGHAN — VIEWS OF LEADING EXPERTS ON
THE PROPOSED TAXATION OF LAND VALUES





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Views of Leading Experts
ON THE
Proposed Taxation
of Land Values.

EDITED BY

EDWARD J. VAUGHAN, ESQ.,

**Of the Inner Temple, Barrister-at-Law; Associate Member of the
Surveyors' Institution.**

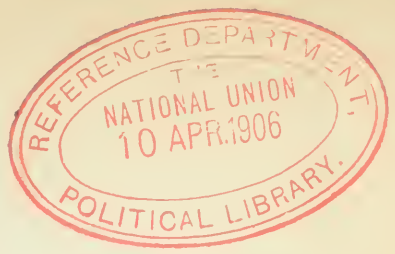
1905.

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(OFFICES OF "THE PROPERTY MARKET REVIEW,")

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VIEWS OF
LEADING EXPERTS
ON THE
PROPOSED TAXATION OF
LAND VALUES.

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COPIES OF THE BILLS, FOR SESSION 1905.

The English Bill, which is entitled " Land Values Assessment and Rating Bill No. 7 " (Sir John Brunner) ; and the Scotch Bill, which is entitled " Land Values Taxation (Scotland) Bill No. 10 " (Mr. J. S. Ainsworth), may be obtained post free for 1½d. each from Messrs. FENN AND SPOTTISWOODE, East Harding Street, Fleet Street, E.C.

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Views of Leading Experts

ON THE

Proposed Taxation of Land Values

EDITED BY EDWARD J. VAUGHAN, Esq.,

*Of the Inner Temple; Barrister-at Law; Associate Member
of the Surveyors' Institution.*

Introduction.

THE proposal that Land Values should be separately assessed, and should, in one form or other, be made to bear an additional burden in connection with Local Taxation, was exhaustively considered by the Select Committee of the House of Commons on Town Holdings (1889-91) but, although rejected by them, was again brought prominently before the Royal Commission on Local Taxation (1896-1901)

The Royal Commissioners, who heard a mass of evidence representative of the views amongst others of the London County Council, the Glasgow Corporation, numerous other Municipal authorities, and the Land Nationalization Society, also condemned the proposal, and in addition to pointing out its injustice, as being an attempt to impose an additional burden on a class of property which already bore more than its due share of Local Taxation, held that it was incapable of practical application without giving rise to greater inequality than at present exists.

Seeing that this question of practicability or impracticability went largely to the root of the whole matter, and that, in view of the uninformed state of public opinion, great good might result from a thorough exemplification of this aspect of the question by experts, the Editors of the PROPERTY MARKET REVIEW decided to take the matter up. They felt not only that, as directors of a journal which, of necessity, brought them into contact with all classes of persons who were professionally or otherwise engaged in connection with the buying and selling and management and ownership of property, they had exceptional knowledge as to where to look and to whom to apply for authoritative opinions; but that, as their journal circulated throughout the country among a class of persons who, if properly supplied with the real facts of the case, might in their respective localities, exercise a wide influence on public opinion, such a discussion as that referred to might be

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attended with results which would not even be attainable by a more prominent, because possibly a more locally-circulating, organ of the public press.

They, therefore, addressed the following circular-letter to all such persons—Surveyors, Rating Experts and others—throughout the country, who, as far as they were known to them, could be considered competent to speak with knowledge on such a subject; and also, by interviews and correspondence, invited the opinions, and collected statements of fact from those—such as the large General and Industrial Insurance Corporations, Benefit Societies, leading Land Companies, Building Societies and others—who, by reason of the magnitude of their holdings in real estate investments, or the special character of their interests, could specially claim to be heard. The following is the letter referred to:—

PROPERTY MARKET REVIEW,
31, St. Bride Street,
Ludgate Circus, E.C.

DEAR SIR,

TAXATION OF LAND VALUES.

The utmost activity is being displayed in pushing forward the above measure and it is of urgent importance that the public should be thoroughly informed as to its real nature. You have, we feel sure, had it under consideration, and if you would favour us with your views and point to any material facts that would meet the case set up by its promoters, you would greatly assist us in the opposition we are offering to the measure.

The main argument, as you know, relates first to the immense sums alleged to be received by property owners owing to enhanced values. But, as you will also have observed, no mention whatever is made of those areas in every town where, owing to the formation of new and more attractive neighbourhoods, values tend to depreciate, or of the still larger areas where, almost from generation to generation, values remain stationary, and you can doubtless give us chapter and verse for many such instances within your own knowledge. The second great point is the proposed rating of uncovered as well as what in the opinion of the rating authorities may be considered to be inadequately covered land and sites at their supposed site value, and an item of interesting information in this connection would be as to whether in your own or any other town with which you are acquainted, land is so held-up in restraint of the growth of the town as to justify such a measure of general and indiscriminate coercion. And, finally, there is the question as to what in your opinion would be the effect of such legislation on the flow of capital into land development schemes and property investments in general.

The matter is the more urgent, as not only have the principal Liberal leaders, Sir Henry Campbell Bannerman, Mr. Asquith, and now Sir Edward Grey, officially accepted the Bill as a leading item in the Liberal programme, but on the ground that, by its vote last Session, the House of Commons is also pledged to it in principle, the promoters are at an early date to interview the Prime Minister for the purpose, if possible, of inducing him to adopt it as a Government measure. Failing this, it will be reintroduced next Session by Mr. Trevelyan. [It should here be mentioned that subsequently to the issuing of this letter the Prime Minister declined to grant the suggested interview, and that as a result of the ballot by private members, the Bill has passed this Session into the hands of Sir John Brunner, M.P. for the Northwich Division of Cheshire.—ED.]

Another factor that adds to the seriousness of the situation is that some two hundred municipal, borough and other local rating authorities, including those of Manchester, Liverpool, Glasgow, Exeter, Bolton, Bradford, Cardiff, Dundee, Sheffield, and the London County Council—but not the City Corporation—have, in their pressing need of funds, clutched more or less eagerly at the proposal, and are pressing for its adoption, having, with great shrewdness, been placed in the forefront of the agitation by the advanced politicians and advocates of out-and-out municipalization or nationalization of the land, who are its real authors.

With the exception of the limited number of persons who have made a careful study of the Bill, very few even of those whom it will most seriously affect have any conception of its drastic provisions, which, if adopted, would absolutely revolutionize the principles upon which ownership of property has for centuries been permitted, and fewer still, perhaps, have grasped the fact that, owing to the insuperable difficulties presented by the leasehold system, the increased burden would largely fall on the shoulders, not of landlords but of occupying tenants, the very class whose interest the promoters of the measure, with an eye to the voting urn, affect to have at heart. As expressly provided :

- (1). In the valuation of every property the site value and value of buildings will have to be separately shown, and the site value will be subject to periodical readjustment. So long as occupiers hold under leases which are in operation at the time of the passing of the Act, they, the occupiers, will themselves have to pay the rates both for buildings and site. Subsequently, on renewal, they will, perhaps, be able to shift the site rate from their own shoulders to those of their immediate landlord. But this is problematical, because there is no explanation of what will happen in cases where, although an occupier's lease may have expired, intermediate leases, whose owners would, under the Act, be exempt, would be still running.

- (2). The principal that rent paid is to be taken as *prima facie* evidence of annual value is abolished. All sites, whether covered by buildings or not are to be rated, and where buildings are inadequate and site value exceeds rental value the site value will be the basis of assessment.
- (3). Exemption during "empty" periods is universally abolished so far as regards the site value rate.
- (4). Similarly the deduction from gross value now made for the purpose of arriving at net rateable value, will, as regards the site value rate, be no longer allowed.

The immediate object of the promoters is to bring freeholders and other persons interested in site values, whether of covered or uncovered land, immediately under contribution for the avowed purpose of raising funds which, they anticipate, will go far towards defraying the whole cost of Municipal Government. The treasurer of the society formed for the purpose of promoting this legislation, Mr. J. Fletcher Moulton, K.C., M.P., in a pamphlet which has been extensively circulated, unequivocally maintains that, as enhanced value is due to the growth, industry and expenditure of the community, the owners of urban land should bear the cost incurred by the community in the production of such increase of value, and says that, if this principle is adopted, the difficulties in respect of local taxation will be greatly lightened if not entirely relieved.

There was never, until, on the drafting of the present Bill, considerations of strategy had to be taken into account, any intention whatever of exempting existing contracts. Sir Henry Campbell Bannerman, in the House of Commons, airily alluded to this provision as a "concession," and, with an assumed confidence, which was not at all flattering to the intelligence of the class against whom the measure is directed, asserted that opposition to it ought to be thereby entirely disarmed. And Mr. Fletcher Moulton in the pamphlet just mentioned advocates the immediate imposition of a tax on all ground values—ground rents under existing leases included—and, stigmatizing what most people would consider the unanswerable objections to such a proceeding as a "fallacy," maintains that the State has a right to do as it thinks best. Moreover, the analogous Bill for Scotland which is being simultaneously pushed forward, with the active support of the Glasgow Corporation, makes no such exemption.

As a very brief study of present proposals will show, it is the introduction of this exemption which has played havoc with the whole project, for, with "existing contracts" blocking the way for any period from a day to perpetuity, this plan of taxation, which was dismissed by a two-thirds majority of the Royal Commission on the Incidence of Taxation, as being under any circumstances neither practicable nor equitable, becomes positively chaotic.

In no better light can it be regarded than as a first instalment of legislation of a most confiscatory character, which, while still purporting to tolerate free dealing in land, seeks, as a first step in the process of entire expropriation, to intercept for the benefit of the community any increase in value that may accrue. And in this regard no more insidious provision could be conceived than that by which a separate assessment of site value is sought to be obtained. If once this principle is conceded it requires no great perspicacity to see how immensely the aims of land-value taxers, and other politicians having advanced views on the land question, will be facilitated.

The English Bill, which is entitled "Land Values Assessment and Rating Bill," and the Scotch Bill, which is entitled "Land Values Taxation (Scotland) Bill," may be obtained, post free for 1½d. each, from Messrs. Eyre and Spottiswoode, East Harding Street, Fleet Street, E.C.

Trusting to receive an expression of your views.

We are, dear Sir, yours faithfully,

THE EDITORS.

The letters and information received in response to this invitation are contained in the following pages, and will be found to constitute what cannot but be considered an irresistible and unanswerable case against these proposed measures.

Though the letters are printed at length, it has been thought convenient to preface them with a paged digest. This will be found to consist of concise excerpts of the views of the various writers on all essential points, conveniently classified under the various headings into which the subject naturally divides itself.

With regard to views expressed it will be found that, with respect to a measure, that is one upon which—as regards its practicability or non-practicability, and as regards the possibility of its adoption without undue injury alike to individuals, and to the public—this class of professional man is above all others competent to express an opinion, the whole body of surveyors may be taken as being practically unanimous in their condemnation of the project, and this notwithstanding the great amount of professional work—both preliminary and recurring and permanent—with which its adoption would provide them.

Owing to the fact that a report—called the Minority Report—was issued by five dissentient Members of the Royal Commission on Local Taxation, in which, as mentioned hereafter, some sort of countenance was given to a scheme for Taxing Land Values, the letter (p. 45) of Mr. A. Dudley Clarke, F.S.I., in which he replies to a communication from Mr. R. B. Haldane, K.C., M.P. (p. 11) should be carefully studied. In this letter the writer takes the present proposals point by point, and shows that even on the findings of the Minority Commissioners, they are unsupportable.

The Small-class Property-Owner.

But, as will be perceived, there are other features of the proposals, upon which surveyors, as such, not having any special claim to speak authoritatively, have for the most part refrained from expressing an opinion, but which, nevertheless, cannot be left unnoticed, and to these it is proposed to briefly draw attention. In the first place, there is the question of the extent to which property is held for investment by the less affluent section of the public at large. Of the total amount disposed of in any year at the London Auction Mart, by far, as may be readily seen from a perusal of the weekly "Results of Sales Column" in the "PROPERTY MARKET REVIEW," the largest proportion consists of investments of the smaller or smallest class; and of late years, the practice of selling such properties on the spot, as it were, at what are known as local evening sales, has so largely increased, that there is not a day passes in the season on which there are not several of such sales taking place simultaneously in the different suburban centres. As, with the exception of cases where some large block of property comes upon the market and is expressly offered in bulk for the purpose of attracting Corporations and other large investors—which is an entirely exceptional circumstance—the buyers belong, almost without exception, to such classes as the better kind of clerk and City and commercial man, the smaller class of professional man, the small shopkeeper, the thrifty artizan, especially those who have raised themselves a little above the rank of journeymen, and workmen and workwomen generally—for this latter class show an especial preference for investing their small savings in house property—some idea can be formed of the extent to which the savings of persons of the lower middle classes have been invested in property. Business at the present moment is dull, and the exactions of sanitary authorities have, for some years past, been acting undoubtedly to some extent as a deterrent; but this notwithstanding, so greatly has small house property grown in favour as a medium for the investment of small savings, that whereas some 15 to 20 years ago the bulk of the properties submitted in these auctions were acquired by persons who made dealing in property a special occupation, these latter have now but rarely a chance of successful competition, being, in nine cases out of ten, outbid by the classes of the public above referred to.

Building Societies and Small-class Owners.

Then there is the kindred question of building societies, as to which very great efforts have been made to procure reliable statistics and opinions. The accounts for the past year, which are not yet issued, but which will be shortly ordered by the House to be printed, may be presumed to show an increase; but according

to the return of the Chief Registrar to the 31st December, 1903, the balance of outstanding loans in relation to transactions then on foot, and so far as regards England and Wales, amounted, for a total of 1,888 societies, to £48,628,452, and other assets held by the societies to £14,562,565, this latter item including foreclosed properties of borrowers in default. As the general rule of these societies is to advance up to three-fourths of the value, we may strike a balance, and say that on average the loans represent somewhat less than one-half—to be exact three-eighths—of the total value of the properties on the security of which they are made; so that on the 31st December, 1903, persons of the classes above-mentioned were engaged in acquiring small properties, principally their own dwellings, of which the value was not less than £100,000,000, and as, with regard to London, it would—except as to a small proportion—be leasehold, subject to ground-rents, several millions more would require to be added in order to ascertain the precise value of the property involved in these transactions. Indeed, the fact that it has been the leasehold only that has been required to be purchased and that the ground-landlords have, so to speak, lent the balance of the purchase-money, generally for 99 years, at a rate of interest commensurate with that with which investors have hitherto been satisfied in the case of ground-rent securities, points to at least one great advantage arising out of the system of building leases.

Their Large Interest in Urban Property.

It is, as is needless to say, not possible to arrive at any definite estimate of the total value of small properties which have thus been acquired through the societies. The Chief Registrar's Return shows that numbers of them, perhaps the greater number, including most of the largest, have been carrying on their operations for between 50 and 60 years, and also shows that, in the one year, 1903, advances to the amount of £9,512,534 were made. All that can be said is that at this, or any given moment, upwards of £100,000,000 worth of small-class property is the subject of loans from the societies, which are being repaid on the instalment system. If it could be shown how frequently—in how many years—the money is turned over in undertakings of the kind, it would doubtless be discovered that the amount held by small owners who have purchased in this way—exclusive of others—constitutes an exceedingly large proportion of the whole urban property now sought to be specially taxed.

Fallacy that it would solve the Housing Problem.

In no respect does the specious character of the agitation show itself more clearly than in the assumption that such taxation would assist to solve the housing problem. Writer after writer will be found to have expressed the unqualified opinion

that building development would be checked and retarded, and the simple fact that the imposition of any tax whatever must tend in the direction of raising prices, should, one would suppose, cause people to think a little less superficially on this subject. Little or much as we may like the plan—and the present Bill supplies no other—the person who provides housing accommodation for the working classes is the speculative builder, and, far from being a capitalist, he is, as Sir John Rolleston points out, “largely a borrower.” Even under present circumstances, he rarely, as those who are in the habit of financing him well know, gets through his enterprises with any large profit, but often, on the other hand, fails. Muleting him in rates on unlet property and remaining unbuilt-on land, and then, as would be one sure and certain effect of such taxation, restricting within much narrower limits than at present the class of persons who would be willing to buy his houses, must inevitably both render his enterprises more precarious and increase his difficulties in getting financial accommodation. Coercive legislation might, for a time, have the effect of cheapening land, although this is doubtful; but it certainly could not coerce capital. Many development schemes that are now carried out would, under the altered condition of things, become impossible.

Then there is another aspect of the question, and one also of primary importance. Owing to their certainty in amount and freedom from trouble, ground-rents form at present a purely investment security. Divested of that character, as they would be by such taxation, they would be depreciated on that account alone, from mere unpopularity and apart from any allowance for reduced income, to an amount which could not be put at less than 25 per cent. But it is the high price obtainable for the ground-rent, which, at present in many cases, gives the necessary margin of profit and enables a scheme to be carried out. The community is not yet independent of the capitalist; it is, therefore, delusive and unpractical to look at these proposals only partially and apart from any consideration as to what would be their effect from his point of view.

The Case of the Insurance Companies.

Of the many and most varied classes of ground landlords—using the term in its widest sense—Insurance Companies would be the most seriously hit by such taxation. On the ground of sympathy, their case would not, perhaps, command so much commiseration as that, for example, of some aged and none-too wealthy annuitant; but the case of the Insurance Companies is, nevertheless, not to be so easily brushed aside, as may be seen from their statements of account and balance sheets, which afford a good deal of food for reflection. As regards ground-rents, they seem to have gone in either very heavily, or scarcely at all, being influenced

possibly by the particular predilections of their managers or directors, or some of them. Thus, either a company would have its one or two million pounds' worth, or, like the Prudential, its six or seven millions—or it would hold some paltry £40,000 or £50,000 worth only. On the whole, however, their holdings, both in ground-rents, mortgages and freehold properties generally, are enormous. A striking feature is the very wide range of securities which compete for their particular patronage. As directors of such companies are not bound by legal restrictions, it will be found that, in addition to the customary trustees' securities, they have large sums invested not only in foreign government stocks, foreign railway bonds, and foreign undertakings, such as gas and water companies, but that they have also invested largely in foreign municipal loans, and even property investments, in the United States and abroad.

Anomalous Result of the Tax.

Capital is admittedly sensitive, in the sense that it is very difficult to attract, but may be very easily intimidated. If this legislation—of which the result would be that all owners of land-value securities would be concerned to constantly watch and possibly contest the assessment of their properties—were adopted, it may be taken as absolutely indisputable that, in common with trustees and investors generally, Insurance Companies would hold aloof altogether from the purchase of ground-rents, with the result that huge sums of money that now go, at a low rate of interest, to help property development and property enterprise, would find their way elsewhere. Of the $55\frac{1}{4}$ millions of pounds to which the assets of the Prudential Assurance Company amount, seven-and-a-half millions only—and even of this a large proportion is in Indian and Colonial Government securities—are invested outside the United Kingdom, and many other large companies have similarly given a preference to their own country. If these are to be taxed—and the imposition of any tax whatever would mean an immediate and serious fall in capital value—while those who have been more cosmopolitan in their choice are to escape, there would only be one result, so far as the investment of the funds of Insurance Companies is concerned.

The Scheme and its Cost.

The next question is as to whether, if the proposed scheme were adopted, the balance of profit and loss would come out, with such distinctness, on the right side of the account, as to justify the new departure. As to the valuation itself, surveyors speak with one voice. Whether it would cost £2,000,000, as some assert, or £10,000,000, which is the estimate of the Secretary to the Local Government Board, it is made quite clear in the course of this correspondence that it would not only be an exceedingly

harassing and costly matter for all who might not be prepared to pay, without demur, whatever might be asked of them, but that even if the suggestion of Mr. E. J. Harper (London County Council) of employing surveyors of inferior rank were adopted, the cost to the public authority—coupled with that of consequent litigation—might quite conceivably absorb the whole of any such special tax as Parliament would be likely to sanction.

A Calculation.

The question has been much discussed of late as to what may be the total value of the urban land of England and Wales, as apart from buildings; and some authorities have expressed the opinion that, when all allowances are made for public and other buildings upon which no rates are paid, the amount will not be found to exceed £50,000,000 per annum, a view which receives support from the fact that the total *gross* assessment, inclusive of buildings and inclusive of both urban and agricultural land, is very little in excess of £237,000,000 per annum. It will, therefore, readily be seen how easily the whole of a tax of 5 or even 10 per cent. might be absorbed in valuation and litigation costs. The Minority Commissioners, who arrived in a very halting fashion at the conclusion that a site valuation was not impracticable, emphatically threw out, on the other hand, the warning that if, in the imposition of a tax, proper regard was had to equitable considerations, the amount that might be raised would “*not be large*,” and that it was “*a fallacy*” to suppose that there were “*huge untapped sources of revenue*” in connection with urban land. That some such views are beginning to be borne in upon exponents of the scheme is tolerably clear, as Mr. Trevelyan, at the October meeting of representatives of the particular rating authorities who are supporting him, found it necessary to point out that “the extent to which rates would be relieved by the mere rating of land values was not very great,” and that it might, therefore, be well to consider whether the alternative project of a special site-value rate should not be adopted. Is it too much to hope that, in accordance with the advice of many enlightened Liberals, those responsible for the movement will ask themselves the further question as to whether, in the long run, there is anything worth while to be got out of the scheme, and whether, in raising false hopes, they will not bring upon themselves a very large amount of discredit?

Opinions of Experts.

To the Editor, PROPERTY MARKET REVIEW.

SIR,

I duly received your circular-letter addressed to surveyors and others interested in this question, and quite agree with you that it is high time something was done to put the facts clearly before the public, and show up the pernicious character of the agitation which has been stirred up within the last few years by so-called social reformers and others. Glasgow, as you are aware, is the birthplace of the movement and the centre from which it still receives its impetus and inspiration, and it may, therefore, not be uninteresting to your readers to hear the views of one who writes from beyond the border. Though there is a third legislative proposal on the stocks—that of Mr. J. W. Logan, M.P. for the Southern or Harborough Division of Leicestershire, which aims at out-and-out and direct municipalization—the two Bills with which we are more immediately concerned are the English Bill of Mr. Trevelyan, which provides for the separate valuation and taxation of site values, but exempts existing contracts, and the Scotch Bill of Mr. James Caldwell, which, fathered by the Corporation of Glasgow, proposes the immediate imposition of a tax, limited at present to 10 per cent., on the annual value of all urban land whether covered or not, and irrespective of existing contracts. In both cases annual value is to be ascertained by reference to capital value, but whereas in the case of the English Bill the rate to be applied is 3 per cent., in that of the Scotch Bill, which more concerns us here in North Britain, it is 4 per cent. This, as regards both Bills, simply means that all capital invested in land, whether productive or unproductive, is to be assessed. In the case of vacant or unproductive land, leaving out of account agricultural rent, which within burghs does not appreciably affect the question at issue, the tax is a single one, but where the land is already yielding a value, the tax becomes a double one, as it rates the land twice.

As regards vacant land, a tax on its capital value raises the general question of the incidence of taxation. If it is fair to tax capital invested in land, the value of which is supposed to be enhanced by its situation in populous surroundings, such as a city or burgh, it would be equally fair to tax capital invested in trade or manufactures within the same populous centre.

In the case of a trader or manufacturer, the only prospect of getting a return from his capital arises from his being able to conduct his business profitably in the midst of a large community. Remove his business away from the population and his capital becomes valueless, just as land away from population is reduced to its agricultural value.

The injustice of taxing land within burghs in this way is emphasized by the fact that the rating is confined within the arbitrary line of the burgh boundary, while land immediately outside the boundary, enjoying practically all the benefit arising from population, would escape taxation.

It is impossible to limit the advantages arising from population to any arbitrary line. Take the city boundaries of Glasgow as an example. You have Newlands and Cathcart on the south, Shettleston and Mount Vernon on the east, Bishophriggs and other districts on the north, and to the west a large outgrowth towards Clydebank. In all these districts the increased value of land is as much due to the growth of the city of Glasgow as in the case of land within the city boundaries, but if the Bill were to become law, land outside the boundary would be competing with land on the city side, and paying no taxation.

The benefit of population does not end even here, as the influence of a city's growth is felt far beyond its immediate boundaries. As an instance of this, there are the residential suburbs lying within ten miles round the city of Glasgow, the existence of which, one might say, is the direct outcome of the business-life of the city. Indeed, it is difficult to understand the attitude of the Glasgow Corporation in regard to this question. They approve of the principle of the Bill, which would add an additional tax on the community within the burgh, and at the same time provide a cheap and rapid train service to convey the citizens beyond the boundary where they would escape the taxation.

If capital invested in land is to be rated, it must be on a very much wider basis than merely limiting it to city or burgh boundaries.

As regards covered land, seeing that the rent upon which the assessment is based includes the whole return from the property, whether from land, buildings, machinery or other heritages, it follows that to impose an extra tax on the declared selling or capital value of the land as part of the holding, is, so far as

land contributes to the value of the whole, to tax that part of the property twice.

Assuming, however, an attempt to carry out in practice the provisions of the Bill. What is to be the value of the land so to be taxed? Is it to be the value it would possess if occupied by a temporary one-storey building, or is it to be the highest possible value it would have if forming the site of a modern eight or ten-storey erection.

Some idea of what is in the minds of the authorities on this point may be gained from the example given by Mr. Henry* of a woodyard occupying land the value of which was greater than the whole rental of the yard, and which presumably could be more profitably used for some other purpose. To rate the woodyard at its highest value for some other purpose would manifestly be an absurdity, because, if applicable in the case of a woodyard it would be equally applicable as regards the site of a dwelling-house, which the assessor might think could be more profitably occupied by business premises, or of buildings that did not fully utilise the ground, and might, in his opinion, be double or treble their height, and this, be it observed, without reference either to demand or to the ability of the owner to improve or enlarge his property.

Then again, what rating is to be put on land which returns no value to the owner, *e.g.*, where properties have been built either ahead of the wants of the locality or unsuitable to it, and the return on which, being less than would represent the cost of the buildings, leaves not only no value for the land, but in many cases a minus quantity. Far from being isolated, cases are common in every town where properties show equally adverse results so far as land is concerned.

The question therefore arises, upon what basis is the land to be valued? Is it to be on the principle of assessment adopted by the experienced assessor who having, in a street comprised of houses almost alike, ascertained, it is said, all the rents, fixed on the lowest and applied it to the whole street on the ground that "it saved so much trouble, because no one would appeal against it," or is it to be on the maximum rate? In either case, the land might be under or over valued, and in the cases of properties where, after deducting the value of buildings, there is no value left for the land but (it may be) a minus quantity, is there to be a rebate given?

It really comes to this, that the only true test of what the land yields is afforded by its rental or annual value, and it would be an

* The Mr. Henry alluded to is Mr. James Henry, F.S.I., City Assessor, Glasgow, who at a meeting of the Scottish Committee of the Surveyors' Institution, held in April last, read a paper on Valuation and Rating, and sought to justify the principle of the measure.—Ed. P.M.R.]

impossible task to attempt to fix, year by year, what was the capital value of the land apart from buildings, machinery, &c. No ordinary owner could say what this is: it would require the knowledge of an expert surveyor to ascertain it, and would involve a separate calculation for every class of property. To make up a Valuation Roll on such a principle would necessitate an amount of skill and labour quite beyond the ordinary resources of assessors and their staffs.

This difficulty appears to be recognised by Mr. Henry himself, if we may judge from the quotation by Mr. Christopher Rhodes in the work "*The Taxation of Land Values: The Case Against*," published in 1901, where he quotes Mr. Henry as saying—"When you attempt to separate the value of the land from the rental and what the subject as a whole is producing, it is altogether a matter of opinion as to what the value of the land is."

Another injustice as regards the Scotch Bill, is the proposal to tax ground rents. This is not done directly, but indirectly, by allowing the owner of the property to deduct annually from the ground burdens such proportion of the land tax as is represented by the ground burdens. As this method of rating is made retrospective by the Bill, it would not only be a violation of contract between parties, but would, as stated in the report of the Select Committee on Town Holdings, be "a direct act of confiscation which would fall almost entirely on the present owners," as "the shifting of any part of the rates on to the owner of an existing ground rent not only reduces his present income by the amount of the percentage of the rate so shifted, but reduces the capital value of his property by a similar percentage, and (by introducing elements of uncertainty and fluctuation) diminishes the number of years' purchase it will fetch, and permanently affects its marketable value. Persons subsequently purchasing would not, however, be losers by the imposition of the new rate, as they would pay a so much less price in consequence. The result would therefore, it seems, be (as pointed out by John Stuart Mill) that "the whole permanent burden imposed by the new system would be thrown upon those who were the owners at the time the change took place."

The extent of the injustice in Glasgow alone may be given as an instance. When the Select Committee took evidence in 1891 the total annual income from feu duties was stated to be £256,226. Since then, in consequence of cheap money, feu duties have been a favourite security and have increased greatly in number, so that they now represent an income approximately of £360,000 per annum.

Capitalising this at an average selling value of 27 years' purchase represents £9,720,000. By the Bill, 10 per cent. of this,

or £972,000, is to be handed over to owners who have acquired their properties subject to these ground burdens; that is to say, it is to be taken from those who have paid the full market price of the ground rent, and who, as the leases are in perpetuity, have no interest in the property beyond the amount of it, and given to the other who, as owner in perpetuity subject only to the ground rent, would reap all future increase in value.

As a practical result, the imposition of an additional tax on land would not affect the selling value of the land, as that is controlled by the ordinary rule of supply and demand. It would affect the value of the land to the present holders, as future purchasers would make allowance for the tax, but as the whole revenue for municipal purposes is at present derived from land, it follows that the additional tax would fall ultimately upon rents.

It appears to me, therefore, that the rating authority can gain no advantage by altering the present method of assessment. At all events, the present proposal is to my mind a very clumsy attempt at altering and improving it, and one which would, in practice, be found unworkable.

One of the arguments put forth in favour of the taxation of vacant land is that it would induce proprietors to part with it more readily and would thus encourage building. This would be a perfectly sound argument if it could be shown that any landlord is unwilling to part with his property at its fair value, or is withholding his land from the market. On the contrary, my experience is that landowners are only too anxious to find customers for land which is lying vacant, and this is not a mere matter of opinion, but is borne out, so far as Glasgow is concerned, by the large yearly percentage of unlets, both in business premises and dwelling houses.

Only quite recently, at the meeting of the Corporation, the Chairman of the Committee on Uninhabitable Houses stated that as regards one and two-apartment houses, there were as many vacant just now as would house 22,000 people.

The whole question of taxation of land values has already been fully inquired into at great length by the Select Committee on Town Holdings and the Royal Commission on Local Taxation, and both have reported against any new tax on land or alteration of the present method of assessment, and these conclusions were arrived at after hearing the fullest evidence that could be obtained for and against the question.

In face of all this it is astonishing to find that the labours of the Committee and the Commission should be set aside so lightly, and a crude measure such as the present introduced as a solution of the question.

I am, Sir, yours obediently,

221, West George Street, Glasgow.

JAMES BARR.

To the Editor, PROPERTY MARKET REVIEW.

SIR,

You rightly assume that I should not allow myself to form an opinion based on mere party reasons on so important a principle as rating unearned increment of ground value. The subject is one which I have studied for many years. The conclusion at which I have arrived is, broadly speaking, identical with that of the Minority Report of the recent Royal Commission on the subject, which expresses the considered result reached by those who signed it, Lord Balfour of Burleigh, Lord Kinross, the Lord President of the Court of Session, Sir George Murray, and Sir Edward Hamilton, the Permanent Heads of the Treasury.

Doubtless, the subject is a difficult one, and no Bill ought to be passed without the fullest care being taken to avoid injustice. But there is a great injustice to the public at present in full operation which, in my opinion, only a scheme for rating ground values can redress, and I am, therefore, in favour of a measure based in the main on the conclusions of the Minority Report. Such a measure is required for an equitable distribution of the heavy burden of local taxation, and to this requirement considerations of temporary inconvenience ought, in my view, to yield.

I am Sir, your obedient servant,

R. B. HALDANE.

10, Old Square, Lincoln's Inn, W.C.

To the Editor, PROPERTY MARKET REVIEW.

SIR,

The principle attempted to be enforced by the Bill for Taxing Land Values is, as we know, altogether mischievous and unjust. The persons who advocate it may be divided into two classes.

- (1.) Socialists who abhor the notion of any property, especially land, being in private hands.
- (2.) Ultra-progressive members of local authorities, and persons of that way of thinking who aspire to occupy the position.

The opinions of the first class may, so far as there is any possibility of their being useful or beneficial to the community, be disregarded, and if they command attention at all it is only in order that sufficient watch may be kept upon them to frustrate their efforts.

The position of the second class is altogether different. The chief reason why they favour the taxation of land values is, not so much on account of Socialistic sympathies, but because, under the present system, the rates are becoming intolerable, and new sources of revenue must be found for the ambitious schemes of expenditure which are now the order of the day.

The whole subject is closely allied to the readjustment of taxation generally, and it seems to me a remedy will have to be found, not by such a visionary scheme as the taxation of land values, but by some, or all, of the following:—

- (1.) By legal restrictions which will prevent, to a much greater extent than at present, the rates from being increased, and also prevent that recourse to borrowing on the security of the rates which has been so unjustifiably resorted to.
- (2.) By an income tax in aid of local expenses, which should be imposed on a somewhat different basis from the tax at present levied for imperial purposes, and should be so designed that all classes of real and personal property should contribute in equitable proportions.
- (3.) By the absolute prohibition of municipal trading both as regards any fresh purchases of existing tramway, electric lighting, gas, or water companies' undertakings, and as regards embarking on any such enterprises.

The argument that elected bodies represent the electors and can be trusted as to expenditure, is a fallacy, and the rights of the minority, who have to pay the greater portion of the money, must be enforced and respected.

Let there be no more tinkering with the taxation of land and house property, and let us have a proper system, under which every one will contribute, on an equitable scale, to the relief of the poor, education, libraries, and other expenses which have little or nothing to do specially with land or house property, and, above all, let the hypocrisy of taxing land on some imaginary value it does not happen to possess, receive the quietus which must result whenever the question is honestly considered by men who understand it.

My suggestion is that we put our case clearly and concisely before every member of Parliament, and that for this purpose an able practical man be selected from amongst the voters in every constituency to interview the sitting member.

I am, Sir, your obedient servant,

54, High Street, Battersea, S.W.

HAROLD GRIFFIN.

To the Editor, PROPERTY MARKET REVIEW.

SIR,

The suggestion that ground rents do not bear their quota of rates is so obvious a fallacy that it would weary the readers of a professional journal to labour it.

The direct rating to the ground landlord, of sites beneficially occupied by bricks and mortar, will not bring an extra penny to the rates, and, so long as existing leases are not affected, the

ground landlords will not suffer, as in future leases they will exact a higher ground rent to cover the rates. This notwithstanding, such legislation must affect the market value of ground rents, deteriorating them by several years' purchase.

But the sting of the Bill is the proposition to rate unoccupied land in boroughs and urban districts throughout England and Wales. The following example of the application of the Bill to one estate in my knowledge ought to suffice to prove to any open mind the iniquity of the measure:—

An estate in the outskirts of London, situate in an urban district was purchased a few years ago, and its "selling value" may be taken to be £15,000. The "annual value," as defined by the Bill, would, at 3 per cent., be £450 per annum, and rates, at 6s. 8d. in the £, would amount to £150. The real annual value—evidenced by a grazing tenancy—is £60, on which the tenant pays rates, which after exemption of a moiety of the poor rates and three-fourths of the district rate, amount to £8 per annum. Under this Bill the unfortunate landowner would be mulcted in an additional £142 per annum for rates, whereas the present annual value and income is but £60.

Similar examples could be found around every big town; indeed, it would be difficult to spot any land in a borough or urban district without latent value.

When such land is developed it will bear its full quota of rates, but to rate the embryonic increment is to rate it twice over.

I am Sir, your obedient servant,

54, Parliament Street, S.W.

DONALD DISWIDDY.

To the Editor, PROPERTY MARKET REVIEW.

SIR,

It is quite clear that in the approaching Session of Parliament the subject of the taxation of ground values will be very prominently urged upon the nation's representatives by the London County Council and a large number of municipal corporations who are looking out for fresh fields of taxation, owing to the excessive borrowing and high rates with which we are afflicted, in spite of Lord Salisbury's warnings on the appalling growth of the municipal debt. When once municipalities act in concert, private individuals who are interested in the matter should take counsel together and decide on some united action, as Members of Parliament are naturally guided by the letters they receive from individual voters and supporters much more than they are influenced by resolutions of public bodies. But if such resolutions are renewed without individual or united protest or opposition, naturally the member concludes that there is a general

unanimity on the matter and votes accordingly. You have set out in detail a large number of arguments against the proposed measure, and it is surely the duty of those who are interested in the buying and selling of property to take some action in the matter. What it should be I leave to them; personally I refuse to look at any property investment where the landlord has to pay the rates, life is not long enough to bear the burden.

I am, Sir, your obedient servant,

2, Mitre Court Buildings, Temple.

H. C. RICHARDS.

To the Editor, PROPERTY MARKET REVIEW.

SIR,

I have always felt that there is something of dishonesty and something of Socialism in the project of rating land values. Dishonesty because it seems to be more than anything else an attempt to get two assessments out of one property, Socialism because the tax is advocated less from the point of view of revenue than from the desire to unduly cheapen a certain class of land. That is to say, it is an attempt to secure the nationalization of the land, not straightforwardly, but by degrees, and by a side wind; or, to put it plainly, to rob the people who are the present landowners, for the benefit of those classes of the community who are not landowners but desire to become so on the cheap.

I understand the project to be to leave the agricultural interest alone, for the present, at all events, and to get a complete revaluation of the whole of the land and buildings in urban districts with a view to the rating of each separately, and, as regards the land, to its rating whether productive or not, the land rate to be in no case paid by the occupier.

The advantages claimed for the proposals are:—

- (a.) That there will be a new source of income for local authorities.
- (b.) That such source will result in a general lowering of rates.
- (c.) That if the Bill becomes an Act it will effect a general cheapening of land, and, therefore, go some way towards solving the housing problem.

These reasons are problematical and, if practicable in any way, can admittedly only be realised at the cost of injustice to the land-holding classes; so, while bearing them in mind as possible advantages, let us look to the other side of the picture.

- (1.) It seems to me that to rate the land value is in reality a charge on capital. That it is so to the extent to which the rate is levied on unproductive land is indisputable. The project, therefore, is not only a considerable but a fundamental

innovation, and one that should not, if adopted at all, be adopted except after the whole system of our rating and taxation has been looked into and readjusted as part of a general scheme.

(2.) Then the proposed rating is very partial:—

(a.) Because it is only to apply to urban and not to agricultural land.

(b.) And because in its application to urban land, both so far as it applies to the dwellings of the working classes (which form a very considerable portion of urban property) and to houses and manufactories of which the owners are also occupiers, there can be no change in the *burden* of the rates, as the landlords in the first case and the occupying owners in the other already pay all charges. All that is left, therefore, on which the new rates can apply is, first, vacant land, and secondly, property in respect of which, by the terms of the tenancy, the occupier agrees to pay all rates and charges.

(3.) The Act would be extremely costly in its administration. It would involve, in the first place, a very minute and expensive valuation of each and every property in the districts to which it is to apply, viz., to every town district throughout England and Wales, and as there are constant fluctuations in the value of land, it would involve the organisation and up-keep of a very expensive special staff in each assessment area, whose duty it would be to constantly bring the original valuations up-to-date, while only the lawyers could look on with equanimity at the prospect of the incessant disputes that would take place between the owner and the rating authority as to what constituted the selling value of the land.

(4.) I should say that the trend of feeling in recent years has been in favour of free trade in land, while, as regards this land rating Bill, I would contend very strongly that its adoption would place fresh difficulties in the way of such free dealing, and for the following reasons:—

(a.) It would deter owners from placing their land upon the market for purposes of building until there was a certainty of its being rapidly taken up. So far as they could, they would aim at retaining for it its agricultural character and thus avoid these extra rates, rather than offer it as urban building land with the certainty of heavy rates and the uncertainty of its being built on in the very near future. The case of Lord Calthorpe's estate is typical. Lord Calthorpe is one of the large landowners in the best suburb of Birmingham. He

has many acres of land which cannot be developed without fresh roads being cut, and it may here be mentioned that the main difference between agricultural and building land is that the latter has to be of easy building depth, which cannot be effected without a large expenditure on road making. If the Bill passed is it likely that, with the prospect that it might be years before the land could be built on and so become productive, Lord Calthorpe would lay out hundreds, if not thousands of pounds in making roads and otherwise developing his estate for the sole purpose of being rated on the improved value that would arise from his own expenditure?

- (b.) The land rating Bill would also impede rebuilding in towns. While I write the case occurs to me of Lench's Trust, which is a small estate in the heart of the City of Birmingham. Lench Street was formerly a poor street with dilapidated houses. Years ago the buildings were pulled down by the trustees with a view to the improvement of the district, and yet a lot of the land is lying idle to-day because lessees have not come forward. Such a scheme would be greatly hindered, if not prevented, by this proposed rating, and landlords would be inclined to keep up old and dilapidated buildings rather than incur the increased risks which would attend all improvement schemes.

I can, moreover, in this connection, refer to the work which has been accomplished by the Freehold Land Society in our own city and district. It has acquired and retailed out a great number of estates, cutting them up, developing them, and dividing them amongst its members. Its work, if this Bill became law, would be entirely stopped. Rates on vacant land pending development and distribution would materially increase its cost, and if the members got to know that their little freehold plots would not only not yield them anything but be a source of expense until they had realised or built upon them, few would be tempted to purchase. The argument that they should develop them is beside the mark. It takes time to cover thirty or forty acres, and then it is a question whether it would be well, even if it were possible, to suddenly place a great population in the midst of a new district.

- (c.) The project would entirely check the growth of Garden Cities, which from so many points of view, are desirable, for as soon as, and to the extent that, success was being

obtained, this rating of land values would come in and at once enormously add to the initial cost of the land remaining for development.

- (d.) The Bill would also tend to stop leasing altogether. How would it be possible to grant a lease, except for a very short term? Under a lease in the ordinary way the rent is fixed for seven, fourteen, or twenty-one years. During that period great changes may, and sometimes do, take place in a district, and the assessment authorities may believe that the land has largely increased in value. That would mean that the landlord would have the rates on the land greatly increased, while he could not possibly raise the rent to his tenant. It is even easy enough to imagine a case where, owing to increased value, the rates payable by the landlord would exceed the amount he received as rent from his tenant. A general shortening of tenancy periods would press with great hardship on many of the very people in whose interest the promoters of the Bill profess to have conceived it, viz., the occupiers of retail shops and manufactories, who pay their own rates, and to whom an occupation lease is essential for the protection of the goodwill of their business; and it seems scarcely doubtful that the last state of these people would be worse than the first. Of course building leases, the abolition of which could not be regarded as entirely a gain, as the system has been of great advantage in many places, would become quite impossible.

- (5.) I notice that this Bill has been urged very strongly in the North of England, and it certainly, in one respect, seems to reflect the influence of North of England customs. There, as I need scarcely mention, the system of perpetual rent-charges is more common than is the case further South, and as it looks to me as if this was one way to evade the Bill if it became an Act, I should not, if the matter were investigated, be surprised to find that some of the very men who are loudly advocating the rating of land values have invested their money in these rent-charges and, therefore, contemplate rating other people with a light heart. But these perpetual rent-charges, are they, we may ask, so satisfactory? A leading auctioneer some years ago said that one of the advantages of the building-lease system was that it insured a town being rebuilt every 100 years. It is certainly better for sanitary, as for other reasons, to pull down houses of that age, rather than that they should be patched up as long as possible as they would be under a system of perpetual rent-

charges. Some of the worst parts of the city of Birmingham are those where these rent-charges exist.

- (6.) Few who probe into the truth of this matter but will see that the arguments in favour of the Bill are based on fallacies. May I suggest a few :—

- (a.) That it is an improper thing for two men of full age and at arms length to make a bargain by which one agrees to let and the other agrees to take specific premises on the terms of the hirer paying all charges. I cannot see any adequate reason, either in law or ethics, which should preclude such freedom of contract.
- (b.) That the owners of ground rents are earning large incomes without contributing anything for it. So, amongst others are holders of consols, debentures, local authorities' securities, and mortgages. But the landlords do pay. They pay through their tenants, and, if made to pay direct, have a not uncertain means of reimbursing themselves. The case of Lord Calthorpe may be again quoted. We owe to him, and to the policy which at present permits private unfettered ownership, one of the most beautiful suburbs in any city, an achievement which could only have been accomplished by his letting his land at very moderate rents, and so giving his lessees the advantage of all increased value during the continuance of their leases. Suppose, under such coercion as this Bill proposes, Lord Calthorpe had to sell his land piecemeal and promiscuously in building plots, where would have been the beautiful suburb of Edgbaston to-day? And this is but one example of innumerable others.

Is not the true solution of the question that lies at the bottom of this agitation to be found in giving the local authorities a freer hand than at present with regard to the purchase and ownership of property? Hitherto the Legislature has looked askance at such a policy, but I would suggest that, if the local authorities were given powers to acquire land at a fair price, it would furnish a complete answer to the only argument on this, and the land question generally, which has any substance in it, viz., that the land is a monopoly. As a rule there is much more land in the market than there are purchasers. It is only in quite exceptional cases that it is otherwise; and if, at any time, or in any place, there was really the prospect of a land famine, the knowledge that the local authority could step in and compulsorily purchase at a fair rate, and would, if occasion required, do so, would go far, by bringing a plentiful supply of land into the market, to provide a just and effectual remedy.

Looking at the scheme as furnishing a new source of additional revenue, I would say, that if, for the efficient government of the country, whether local or imperial, more money is required, it will have to be provided, and provided without factious opposition, but that it should be provided by one class only is neither requisite nor just. A policy of confiscation would certainly result in very great sources of income—for a time—but honesty is the best policy in politics as well as in business life, and a measure which is not founded on that rock will sooner or later recoil on its supporters.

With apologies for troubling you at so great a length,

I am, Sir, your obedient servant,

B. SHIRLEY SMITH.

95, Colmore Row, Birmingham.

To the Editor, PROPERTY MARKET REVIEW.

SIR,

Will you allow me to supplement Mr. William Fraser's extremely interesting letter in last week's *PROPERTY MARKET REVIEW*, by a brief reference to a leading feature of the Scotch Bill, on which he touched incidentally.

The sting of the proposed legislation is in the tail of the Bill—the seventh clause—which provides, indirectly, for the taxation of existing ground-rents, and, by empowering the holder of the property to deduct the 2s. tax from any ground-rent which he pays to a third party, sets aside bargains which may have been made in the past, or which might in the future be sought to be entered into. Proposals to thus violate the sanctity of solemn compacts, by the taxation of existing ground-rents, have, over and over again, been discussed, and, as is well known, have been exhaustively dealt with and condemned by minority and majority alike of the Royal Commission on Local Taxation, after full enquiry.

With regard to the future, the ground landlord may, as is apparent, protect himself in two ways:—Either he may refuse to *fen*—*i.e.*, to let the ground in perpetuity for an annual payment—and insist on a cash payment from the builder, in which case this latter will become responsible for the tax; or, he will increase the *fen-duty* (ground rent) to the extent of the new tax, in both of which cases it will eventually find its way on to the shoulders of the tenant; and, whichever of these courses is adopted, neither, as is obvious, is likely to encourage building enterprise or to cheapen the process of house production.

The suggested taxation of existing ground rents would, as should be noted, not only diminish the revenue, but would also seriously depreciate the capital value of such investments. As applied to Scotland, with its system of *fen-duties*, it

cannot be justified—even speciously—on the ground that the owners will, at least ultimately in the more-or-less near future, benefit by the expenditure of local rates. Even as compared with the owner of an unburdened property, who can protect himself by raising rents, they are placed at a disadvantage; and, in exchange for their not unsubstantial contribution to local funds, the Bill does not even offer them the meagre consolation of a right to vote. As the Royal Commissioners say “there are persons who regard the impost neither as a tax, in the ordinary sense of the term, nor as an equivalent for special service rendered, but as a means of enabling the local authority to place the whole burden of local taxation on land, and to thus relieve all other classes of rateable property.”

I am, Sir, your obedient servant,

T. S. FRASER.

209, St. Vincent Street, Glasgow.

To the Editor, PROPERTY MARKET REVIEW.

SIR,

I have always understood that the proposal of those who suggest taxation of land values is made with a view to finding further sources of income, and to relieving the heavy local taxation under which we at present suffer. If this is the object, the taxation of land values will not accomplish it, inasmuch as whatever is to be paid upon the land by the owner or intermediate owner will, as always, in the ordinary course of things, be refunded by way of rent from the occupier.

I cannot, therefore, see that anybody will benefit by taxing in separate parts—that is, land and house separately—which must be a much more costly proceeding than to tax, as they do at present, the land and house together as one whole.

I am, Sir, your obedient servant,

WALTER EMDEN.

105 and 106, Strand, London, W.C.

To the Editor, PROPERTY MARKET REVIEW.

SIR,

It is not easy to condense into a sentence or two one's opinion on this matter. Our English principle of taxation and rating has been upon the actual annual value actually received by the taxpayer. The money is wanted by the public authority for what are annual current purposes. It has, therefore, for centuries been considered just that only actual income should bear actual burdens.

In new countries of the world this is not possible, in consequence of the wide-spreading regions of many leagues owned, but not occupied, and the owner of which, therefore, can only be found by attacking him through his land and taxing its capital value. The expenses of new governments cannot, in many cases, be met, except by taxing capital. But even in these cases they never tax capital as well as its income.

The proposals now mooted, and which have been often mooted, are to tax capital and usufruct as well. Land, if it is occupied by buildings, fetches a gross rent for the two. It is taxed upon the whole value. It would, therefore, be unfair to tax the land value again. Land unoccupied and producing nothing, even though growing in value, when it comes into usufruct will pay upon that usufruct, which presumably will be all the greater for having awaited development. The owner and the State go side by side, and when the former receives his usufruct he pays over. To compel him to pay when he has received nothing seems unfair.

I am, Sir, your obedient servant,

HENRY KIMBER.

Albany Chambers,

86, York Street, Westminster, S.W.

To the Editor, PROPERTY MARKET REVIEW.

SIR,

I think your suggestion to collect evidence and opinions on this subject from persons in different parts of the country who have the necessary knowledge and experience, and then to publish them as a special supplement to the "Property Market Review," an admirable one, and hope you will succeed in carrying it out as contemplated.

I should like to preface my remarks on the main question by drawing attention to the subject of representation, and to point out that, in addition to its primary purpose with which we are all familiar, the Assessment List, or, as we call it, the Valuation Roll, serves a secondary purpose, namely, as being the Register of Voters prepared under the Election Acts. Our Municipal Register here in Scotland comprises both the owners and occupiers of property, but at least, as regards Glasgow, in very unequal proportions, there being approximately but one owner to every thirty-five occupiers. If the rates were imposed here, as in England, on occupiers only, there would be little to complain of, but when, as is the case here at present, and would be the case in England if present proposals were adopted, they are imposed partly upon occupiers and partly upon owners by an assessing body practically elected by occupiers, the injustice is obvious. It is a

clear violation of the recognised constitutional maxim that taxation and representation should go together.

When in England the question was raised as to the expediency of altering the incidence of taxation so that the rates should be thus divided, a Select Committee of the House of Commons was appointed, with Mr. (now Lord) Goschen in the chair. After mature consideration, they reported: "3. That in the event of any division of rates between the owner and occupier, it is essential that such alterations should be made in the constitution of the bodies administering the rates as would secure a direct representation of the owners, adequate to the immediate interest in local expenditure which they would thus have acquired." As there is no provision for this either in the English or Scotch Bill, another instance is afforded of how the authoritative opinions of Special Committees and Royal Commissions are ignored.

As to the taxation of land values, the supporters of this movement seem to take for granted that the existing system of local taxation is on a sound basis, and needs only the adoption of their proposals to make it perfect. This is a mistake. At present, although, as has been pointed out, the income value of realty is not one-seventh part of the whole income of the country, all the local rates in the kingdom, town and country alike, are collected from heritable or real property, and the great question is, or ought to be, not whether real property should bear an increased burden but whether personalty should not also contribute; or in other words, whether money for local purposes should continue to be raised exclusively from those who receive or pay rent, or from all classes whatever, according to their ability to pay.

In many cases the incidence of local taxation is exceptionally unjust. A warehouseman may be called on to pay rates on a large annual rent, while his income may not be more than the fourth of this, while a capitalist with a large income may only pay on an office rent of small amount. In such cases, and in many others, a man's rental is no test of his *ability* to pay.

When on March last Mr. Trevelyan's Bill was before the House of Commons, Mr. C. A. Cripps, K.C., moved as an amendment that "No change in the incidence of local taxation would be satisfactory which did not recognize the unfairness of existing charges and make further provision for the equitable contribution of all kinds of property to such taxation," and when it is borne in mind that the Royal Commission on the incidence of local taxation were—majority and minority alike—of opinion that a larger subvention than at present should be paid by personalty, it is difficult to understand the state of mind of persons who, by small Bills, would tinker with so large

and vastly important a subject in the directly opposite sense to that recommended.

The system is most inequitable. Every member of the community has an interest in the support of the poor, in education, in the care of the public health, and in the maintenance of the police, and so on, and the burdens imposed for these should not be exclusively borne by the owners and occupiers of real property as such, and as Mr. Cripps so forcibly argued: "It will be impossible properly to adjust local burden until the logical and necessary distinction between national and local services is drawn."

Most leading Statesmen of the country and of both parties have, indeed, admitted the justice of this contention. Lord Salisbury, when Prime Minister, in a speech delivered by him in Wales said, "And for those subjects that are paid for by local taxation, why are the occupiers of houses and the occupiers of lands—why are they the people to be specially taxed? Take this education law that has been recently introduced. I do not question its great advantage, but why are the occupiers of houses and lands to be the people who are to bear the whole burden of the school rate? Why is it not to be imposed on other sorts of wealth in the country? You have people among you drawing vast incomes from foreign securities, consols, banks, and from a number of other forms of personal property. They pay nothing to the discharge of this duty of educating the young, but yet, if it is a national interest, surely it is as much their interest as it is the interest of occupiers of houses and lands. And education does not stand alone. There is the relief of the poor, and there are many other similar subjects. The man who invests his money in foreign securities knows he invests it subject only to the payment of a small income tax, but the man who invests it in building houses for the poor not only pays income tax, but pays 3s. or 4s. in the £ besides. The natural result must be that the building of houses for the poor is a form of investment from which capital naturally shrinks." Mr. Gladstone expressed similar views, and declared it incumbent upon Parliament "to examine" upon a large scale what was the best mode of giving real property that aid which it was once accustomed to receive from personal property. Again, in the report of the Royal Commissioners for the housing of the working classes, the same views are strongly expressed in the following passage:—"Your Majesty's Commissioners must observe, in reference to Lord Shaftesbury's Acts, and to nearly every proposal for improving the dwellings of the working classes, as well as to other local improvements, that the present incidence of local taxation stands seriously in the way of all progress and reform. They do not feel that they are author-

ised by the terms of your Majesty's Commission to go generally into the question of local taxation, but they are of opinion that until some reform is introduced which shall secure contribution to local expenditure from other sources of income, in addition to the present rateable property, no great progress can be made."

Enough has been said to show conclusively, and on authority, that the existing system of taxation is wrong, and I submit that the public interest could be best secured not by proposals for the taxation of land values, which seek to impose additional taxation to a most serious extent upon the very class of income which is entitled to a diminution, but by an earnest attempt to legislate for the amendment of this system on fair and equitable lines.

As it is scarcely possible to consider the question of local taxation apart from that of imperial taxation, which, in the opinion of many, is also much in need of amendment, perhaps the best solution of the difficulty would be the appointment of a Royal Commission to inquire into the whole question, in order that the burdens under both heads of taxation should be placed on a sound basis.

I am, Sir, your obedient servant,

JOHN DANSKEN.

241, West George Street, Glasgow.

To the Editor, PROPERTY MARKET REVIEW.

SIR,

You have asked for my views, which are absolutely opposed to the Land Values Assessment and Rating Bill.

I think its provisions are both wrong and unworkable, and I speak as a rating surveyor.

I am, Sir, your obedient servant,

H. TRISTRAM EVE.

2, St. Paul's Square, Bedford.

To the Editor, PROPERTY MARKET REVIEW.

SIR,

In reply to your request for my opinion on the merits of the proposed taxation, I beg to say that I consider such a measure would generally be grossly unjust to the owners, and in many cases to their lessees, as they would be rated on a higher value than they were receiving benefit from.

Owners are always ready to avail themselves of opportunities for developing their property as soon as it can be done

judiciously, and it is quite unnecessary to try to drive them into making it of higher value in order to increase its rateable value. The proposed Act can only be considered as a prelude to the Socialistic scheme for doing away with all private ownership.

I am, Sir, your obedient servant,

E. W. TURNOR.

The Green, Stafford.

To the Editor, PROPERTY MARKET REVIEW.

SIR,

The Bill recently before Parliament for the taxation of ground values deserves our most careful consideration. Its supporters claim that it is needed in order to counteract the holding-over of ground by landowners with a view to the obtaining of an increased price. This is fallacious, as such holding-over seldom occurs. The greatest difficulty in the administration of the Bill, should it become law, will be the determination of what is and what is not building land. Six years ago a client of mine was compelled to pay Succession Duty (in itself a heavy tax on land), at building land valuation, upon ten or twelve acres of land, which my brother and I rightly, but unsuccessfully, contended was merely agricultural land. Since that time, although I have advertised the land in building plots, I have not received half-a-dozen applications for it, while more eligible land abutting and near it has just been sold by public auction at about one-third the value put upon that of my client by Somerset House. Had this Bill become law six years ago he would by now have paid six years' rates, at building land value, for land for which there is no demand, and which is let at about twenty-six shillings per acre per annum.

Any legislation which tends to reduce the open spaces in and around our centres of population will be as injurious to public health as Pitt's Window Tax. And such must be the result should the Bill become law, as the authorities must, in fairness, tax *all* open land which by the ingenuity of the rating surveyor can possibly be ticketted as "building land," including commons, parks, recreation grounds, squares, and those valuable adjuncts to our large towns and cities, the old fashioned gardens of mansions.

Seeing that certain municipalities, including some that are important, such as my own town of Sheffield, are giving a more or less thorough-going support to these proposals, their position as regards indebtedness is not irrelevant to the question under discussion. Those of us who are daily dealing with values of property are only too well aware of the seriousness of the position which is being created throughout England and Wales by this

second national debt, a debt which now amounts to almost three hundred and forty-three million pounds, and it is satisfactory to see that the Public Loan Commissioners are making a decided stand against further increases. I believe that the present slump in property and business generally is largely due to the fact that for some years past we have, in addition to our incomes, been spending vast sums of borrowed money, thus creating an artificial prosperity, and whilst, perhaps, delaying the periodical visit of bad trade, leading to a far greater depression in the end. In proof of this the demand for building land is less at the present time than I have known it during an experience of a third of a century. But the point is this—that, whereas the payment of interest and sinking fund already imposes a most serious special burden on property, as distinguished from other kinds of investments, the concurring authorities now seek to accentuate this inequality of treatment by the introduction of a further and most harassing impost.

I am, Sir, your obedient servant,

THOS. WINDER.

Corn Exchange Buildings, Sheffield.

To the Editor, PROPERTY MARKET REVIEW.

SIR,

It seems to me that what makes it so difficult to effectually oppose the taxation of land values is that, theoretically, the proposal, as put forward by its proposers, is not unfair.

If it is desirable, in the interests of the community, that some fresh subject should be found for taxation, so that an additional yearly sum might be raised for their use, it does not seem unfair that the subject selected should be that increase of value to property which arises, not from any merit, or skill or labour on the part of the owner, but from the accident that his property happens to lie either in, or adjacent to, a city, where the skill and labour of the community produces general prosperity.

The promoters of the scheme openly state that it is not only their object but their determination to intercept, for the benefit of the community, some portion of this enhanced value.

If this could be carried out simply and easily, and “without involving undesirable results,” I think it would receive the approval of all, except, of course, the majority of those who would have to pay the tax, and who—whatever the impost—would always, as is natural, object to it as unfair. But, I think, it would be both imprudent and unwise, on the part of the objectors, to ignore the fact that the proposal does not, in theory, appear unjust.

I think, however, that it may be possible to show that the means by which it is proposed to arrive at this end will produce such evils

and hardships as will render the scheme, on the whole, of doubtful advantage to the community, and, at the same time, harsh and unjust to individuals. In the first place, the taxing of the entire site value is obviously an unequal and, therefore, an unfair way of intercepting a portion of unearned increment. In some cases a tax of a penny in the £ on capital value, which is 2s. 9d. in the £ on annual value, might amount to only a portion of the unearned increment, but in a very large number of cases it would amount to the whole, or more than the whole. In the second place, setting on one side this particular feature of the scheme, if the tax is to be fair the valuation of the sites must be fair. There must be one standard of value applied to all. The standard which the promoters appear to suggest is market value of the freehold—what the freehold might be reasonably expected to realise in the open market. But how is this to be arrived at? Those who have had extensive dealings with such property must know of numberless instances where the most experienced valuers would have the greatest difficulty in agreeing upon what was the market value in some given instance. Apparently any idea of appointing district boards of valuers has been at once dismissed by the promoters, on account of the intolerable amount of time and expense which that method would obviously involve.

Mr. Trevelyan's Bill shirks this—the main difficulty of the scheme—and it leaves it to the Local Government Board to “make such regulations as they may think proper,” for getting over it!

I see, however, that one suggestion is that the *occupiers* should be called upon to make returns, separately showing site value and value of buildings. Assuming that, by some heavy penalty for neglecting to do so, the occupiers can be compelled to make these returns, is it likely that the result will show any equality as between one property and another? What proportion of occupiers—especially occupiers of property of the smaller class—have any more notion of the site value of their premises than the man in the moon? One set of occupiers, with short terms, would judge that the landlord would soon have to pay the tax, and might accordingly fix the site value absurdly high. What provision is there in the Bill for affording to the landlord, who would have to pay the tax, the necessary means of effectively opposing such a return? I cannot find any—not even a provision that he should be informed what the return is. Another set of occupiers, holding under long leases and feeling that for that long period they would have to pay the tax themselves, might be moved to return the site value absurdly low.

In the analogous Scotch Bill which is being run simultaneously with that for England, I see that it is the owner who is to be called upon to make the return of value. He will be directed,

first, to give the exact superficial area of his land, then to estimate its capital value, as between a willing seller and a willing buyer, and then, for arriving at annual value, to take 4 per cent. of the amount, as opposed to 3 per cent. in the case of the English proposals.

Does all this tend to equality? Will it not be necessary in common fairness that every one of these returns be checked by someone who has the knowledge? And back we come to district boards of experts with their intolerable expense and delay.

One crafty suggestion is that the *ground* landlords should be called upon to fix the site value, and, in order that they should not put it too low, that they should be compelled to sell the site to the rating authority, if called upon to do so, at the figure they had themselves named as the value! the idea being, I imagine, that this right to purchase should now and then be actually exercised, in selected cases, as a warning!

These difficulties are not imaginary, exaggerated, or easy to be got over. They are inseparable from the scheme, and, considered in connection with the element of uncertainty and consequent diminution of value to which, if carried out, they would give rise in the case of nearly all urban freeholds, they should lead thinking men to offer these proposals their most strenuous opposition.

The form in which the project is at present put forward is calculated to divert attention from one very great danger, viz., the possibility that some future Government may find itself in a position to get rid of the clause protecting existing contracts. Personally, I have an uneasy feeling that, notwithstanding the monstrous injustice that this would work, it is by no means impossible that it would occur. And if, by that time—by means of the present Act—the way had been prepared, and the machinery got more or less into working order, that disastrous alteration might be adopted by the Legislature before most people were even aware of its having been proposed.

I am, Sir, your obedient servant,

E. W. RUSHWORTH.

22, Savile Row, W.

To the Editor, PROPERTY MARKET REVIEW.

SIR,

It occurs to me that with regard to municipal rates, there is another point of view than that usually adopted. The principle. I take it, upon which the municipal income is raised is, that each dweller in the municipality should contribute rateably, that is, according to his means; and the *modus* that has been adopted to ascertain the "means" of each is, to take the rent, or rental value, of the house or premises he occupies, and then levy a "rate" thereon.

In this view, it is not property that is taxed for municipal expenditure, but the individuals who get the benefit of the work that the municipality does for them; and the owner of land which he does not occupy is rightly not called upon for "rates," because he contributes to the income of that municipality within whose borders he resides.

The idea, therefore, of making the owners of ground rents and site values, as such and apart from being occupiers, liable for municipal rates is, it seems to me, inequitable and illogical.

I am, Sir, your obedient servant,

99, Gresham Street, E.C.

EDWIN FOX.

To the Editor, PROPERTY MARKET REVIEW.

SIR,

To a business man of even ordinary intelligence the manner in which these different proposals have, from time to time, been literally trundled out upon the public, must appear scarcely less than ridiculous, and were it not for the injurious effects which cannot but attend such an agitation, one would be disposed to dismiss the whole project as nothing more nor less than a huge political game of "make believe."

For several years the cry was for the taxation of ground "rents," but when, among other slight indications of the want of a little preliminary digestion, it was found that, under such a scheme, the contribution to local revenues which would be made by two absolutely identical neighbouring residences, the one of which was in the occupation of the owner as freeholder, and the other of the owner as leaseholder under the original ground lease, would differ in amount—and that by some unaccountable means, this not very abstruse consequence had been overlooked—another field of action was chosen, and we have now the equally crude and impracticable attempt to rate land "values."

Now, it cannot be too strongly emphasized that we have never, in this country, had any local taxes assessed on capital value, but a ways on income, and that these proposals, therefore, imply such a complete and absolutely momentous departure from established principles that, if adopted at all, which is earnestly to be deprecated, it should only be after the most searching expert enquiry, and as a feature in the entire readjustment of our existing system. If, however, the promoters are really seriously desirous of rating land values, why are they so opposed, or at least so indifferent, to imposing an additional and corresponding tax on investments in stocks and shares, with regard to which, income, being gauged by dividends, can be in all cases readily ascertained? Is not this a clear indication of the cloven hoof, and of the real goal towards which the agitators are eagerly pressing?

Compare a tradesman who buys a plot of building land, say for £100, to a stockbroker who buys 50 British South Africa shares for £100. Neither investment at present produces any income, but the owner of the land builds a house and, succeeding in selling it, realises, as the proportion attributable to the plot value, at the end of two years; £150, while the owner of the British South Africa shares sells his 50 shares for £300. Why, on the one hand, should the investor who, in developing his land, is, at least, doing some good, be made in the meantime to pay 3 per cent. per annum on the capital value of his investment, while, on the other hand, the speculator or investor in shares is allowed to escape?

Are the promoters of these proposals aware that the tradesman and the thrifty working man invest their savings in house-property more often than in anything else, for the reason that they understand it better? If so it seems curious that a tradesman who has £1,000, for example, invested in land or house property, and who pays house-duty, and very probably land-tax, to the Imperial Exchequer, should be specially singled out; while another resident in the same parish who has £1,000 invested in personalty—otherwise stocks and shares—should be asked to contribute nothing to local burdens.

I cannot see that these additional heavy taxes on land have any redeeming feature, and although, after Mr. Dansken's letter—in which he pointed out the striking unanimity of opinion on the part of such widely diverse representative Statesmen as Lord Salisbury, Lord Goschen, and Mr. Gladstone—it seems superfluous to further argue it, I would most strongly urge the necessity of some subscription to the present local poor and district rates by the assessment of profits from personalty. There is no adequate reason why personalty should not also contribute to the lighting of our streets, sanitary expenditure, police, the provision of recreation grounds, and the proper supervision of our supplies of water, milk, and other food.

An income tax on profits from personalty, equal in amount to that charged on investments in real estate, might be levied and collected by the imperial authorities, and distributed to the local authorities, in the same way that revenues from licences and probate duties are now collected and distributed. These grants in aid of local taxation in 1869 were only one and a half million, and they now amount to thirteen millions, shewing the Government realise that land and house property cannot bear the whole of the present local expenditure of the country.

But these are questions of principle and policy which, necessary as it may be to bring them prominently to notice, can be left to the Legislature to be dealt with without expert assistance. What, as I gather from your letter, is required of us is that, as surveyors, we should consider the proposals from the point of view

of their practicability. In my opinion the result in the main would be:—

- (a.) To considerably increase the price of building sites.
- (b.) To induce owners to sell sites promiscuously, without regard to reservations which at present protect the character of a neighbourhood and guard the interests of neighbouring householders.
- (c.) To cause the development of property into smaller plots.
- (d.) In especially healthy situations land would be sold for shops and manufactories, where it might be more advantageously reserved for the erection of houses for the people.
- (e.) Residences of all descriptions would have less garden ground, therefore less air space, whereas, in large towns especially, owners should be encouraged to preserve their land from being built upon, as the community benefits from these spaces. If only the most superficial consideration is given to this feature of the proposals, it will be seen how large would be the injury inflicted as much on the public as on individuals, and as much on the labourer in the town, for whom these gardens and grounds provide a large amount of outdoor employment, as on anyone concerned.
- (f.) Probably, as Mr. Trevelyan so considerably says, "land-owners would tumble over one another to get out of their holdings"; but whether this is so or not, there is no doubt that their place would be taken by wealthy corporations who would have no interest in the locality or in the inhabitants, with the result that farm land near towns would be thrown out of cultivation and "cut up" by roads into tenantless building land.

The price of land, the interest lost to owners while the land remains unsold, the cost of roads, the loss of road areas, the cost of transfers, all tend to make land an expensive commodity. It is advisable to make it cheaper.

But then, with an approach to something like exultation, it is asked—What justification is there for favouring present owners of uncovered land at the expense of present occupiers of houses? But is there any real substance in this suggested grievance? The occupier when arranging the terms of his tenancy agreed to the amount of his rent and, with a knowledge of the burden that he was taking upon himself, agreed also to pay rates and taxes. Where, therefore, is his right to complain? If he had anticipated that his taxes were to be reduced, and those, perhaps, of his landlord increased, he would have agreed to pay more rent.

In conclusion there is one other contention of which I utterly fail to follow the reasoning.

Complaint is made because an owner endeavours to obtain the best ground-rent he can. This endeavour is only reasonable, and the local authority suffers no loss, because the lessee who gives the highest ground rent sees his way to develop the ground to the best advantage, and thus secures to the local authority the largest addition to the local rates. If for this reason the owner keeps the land idle and gets no return for a time, the district authorities should not object, as the owner and the district authorities both benefit ultimately by waiting, and, therefore, their interests are identical.

Presuming that it were ever considered that an alteration in the incidence of taxation would be beneficial to the community, it must be done with proper regard to all principles of honesty, and all private interests sacrificed for the good of the community must be compensated by the community.

I am, Sir, your obedient servant,

ARTHUR TAPP.

1, Princes Street, Westminster, S.W.

To the Editor, PROPERTY MARKET REVIEW.

SIR,

It may interest the readers of the **PROPERTY MARKET REVIEW** to learn something of the progress of this agitation as regards Scotland. The movement, if it did not actually originate with certain members of the Corporation of Glasgow, is now being strenuously supported by them, and, as a matter of fact, the principles embodied in the Bill recently introduced into Parliament have been adopted by a majority of the present Town Council. It is somewhat doubtful if all the members supporting the agitation really understand what would be the effect of the proposed legislation; but the suggestions made have the charm of plausibility; and, as they appear to promise a new and abundant source of taxation, they are eagerly seized upon by the authorities as a means of meeting the increasing outlay for municipal and parochial enterprise.

As there are considerable differences in rating, &c., between England and Scotland, it may not be amiss to deal, in a word or two, with the system prevailing in the latter country.

At the present moment, local taxation is levied in Burghs in Scotland on the rental appearing in the Valuation Roll, which is prepared annually in terms of the Lands Valuation (Scotland) Act, 1854, and Acts amending the same. That rental is the gross amount actually paid by the tenant, or, to quote the principal clause of the Act, "the rent at which, one year with another, such lands and heritages might, *in their actual state*, be reasonably expected to let from year to year."

The municipal rates are levied on the gross rental so arrived at, but, in the case of poor and school board rates, a deduction of 20 per cent. is first made from that gross rental.

Landlord and tenant—except in the case of very small holdings—each pay a share; and at the present time in Glasgow, the total local rates may, after making allowance for the abatement above-mentioned, be taken in round figures to approach 6s. in the £ on the gross rental. Of this, 4s. may be regarded as being, roughly, the proportion paid by the tenant direct, and the remaining 2s. the proportion paid through the landlord.

I say paid *through* the landlord, for the simple reason that the landlord merely includes this 2s. in the £ in the rent charged, and that, therefore, after all, although there is always considerable difficulty in getting the average tenant to understand this, it is *the tenant* who really pays the tax, the amount going through the landlord's hands, but never in reality coming out of his pocket.

As, in Glasgow, the Corporation are committed to considerable future expenditure, involving serious additions to the already heavy rates, it is not surprising that its members should be casting about to lay hold of some new source of taxation, even if it has only the effect of wrapping up the rates, as it were, in the rent, and so concealing the fact that, in each succeeding year, the ratepayers are being involved in an increasingly heavy bill for the Corporation's so-called municipal enterprise.

Their dealing with the question of land values has now taken concrete form and become crystallized in "The Land Values Taxation (Scotland) Bill," which was introduced into Parliament by Mr. James Caldwell, member for Mid-Lanark, on the 17th February last, and read a first time. This Bill may be taken as indicative of the views of the Glasgow disciples of the movement, and its principal provisions may be dealt with in the order of their occurring in the measure.

The first requirement is that each owner of property, in every Burgh in Scotland, shall supply the assessor, *i.e.*, the lands valuation surveyor, with "the number of square yards of ground contained in each separate or discontinuous piece of ground of which he is the proprietor." And, concurrently, he is to state the annual value of such ground, calculated at 4 per cent. on the sum which, apart from the buildings and other erections, &c., he would consider to be the price obtainable, as between a willing buyer and a willing seller.

The assessor is then to enter these figures of area and land value in the Valuation Roll, or to fix such other amounts as he may deem reasonable; and there are provisions for appeal and penalties for failure, similar to those contained in existing Valuation Acts.

Now, such requirements will obviously involve the ratepayers

in very considerable trouble, and, possibly in the expense of procuring the skilled advice of a surveyor and valuer. In very many cases, especially in the older parts of the Burghs, properties in flats are held by different owners, with joint rights in courts, passages, and other pertinents. In such instances, it will be a decided puzzle to know what return to make in the column devoted to the "number of square yards," and this quite apart from the varieties of opinion which may exist as to the "annual value" applicable to the ground alone.

There are numerous instances, too, where, owing to the site not having been developed fully, or, having on the other hand, been dealt with in an injudicious fashion, it will be extremely difficult to estimate that value either justly or accurately. Indeed, there are frequently cases where, if the calculation were to be correctly carried out, a negative value would, after making sufficient allowance for interest on the value of the buildings and other erections, and deducting that and other proper outgoings from the rental, be left for the site.

Calculations of this nature are quite beyond the ordinary layman, and they are subject to uncertainties even in the hands of the skilled valuer. Yet the promoters of the Bill, if regarding them at all, regard them, apparently, as being of a trifling character and easily to be overcome.

Then the measure goes on to provide for a special tax or "land value assessment" of 2s. in the £, the net proceeds of which are to be allocated *pro rata* and be devoted presumably to the relief of the "police and municipal assessments." That is to say, that in order to ensure popularity and to catch the votes of the unthinking, so much as is represented by the amount of this relief will be wholly deducted from the tenants' assessments; whereas, in cases where the landlord holds the site unburdened, his portion of the rates will be increased by the addition of this new land value tax. It would be superfluous to dwell on this point further, except to say that it is one of the incongruities which led both the Select Committee on Town Holdings and the Royal Commission on Local Taxation, in the case of both the majority and the minority, to unequivocally condemn any proposal which did not respect existing contracts.

But the landlord who, as already pointed out, recoups himself, at present, for his proportion of existing taxes, will only, in the same way, add this additional tax to the rent. Where then will be the resultant benefit? What will there be to show for all the labour and money expended, as well in the matter of the valuation as in the troublesome disputes which will unavoidably arise?

The real truth of the matter is that real estate is at present too heavily taxed, and the burden falls eventually, and often inequitably, on the owner, in a manner quite disproportionate to his ability to pay.

One other feature of the Bill which, although not directly expressed, follows as a consequence from its provisions, and which also forms the principal object of the English Land Values Assessment and Rating Bill, is that all unoccupied or partially occupied land within a Burgh will be rated, not on its present rental, but on its value "as between a willing seller and a willing buyer"—presumably as a site for building upon—irrespective of its present use. This is in marked contrast from the wording of the 1854 Act, under which lands and heritages have to be dealt with *in their actual state*; and will in both countries receive a good deal of further attention from surveyors and property owners.

A common argument advanced by the exponents of the Scottish Bill is that such a provision will force unbuilt-upon and undeveloped land and sites into the market for building or rebuilding. Present experience, as to the state of the market for the letting both of houses and business premises in Glasgow just now, proves that any extraneous influence, such as taxation, will not have much effect in helping the sale and development of the many acres of land now on offer. Glasgow builders, may, indeed, quite apart from this question, well pause in the acquisition of more ground, when they bear in mind that the City Assessor, a few months ago reported that the unlet rental of the City was, in round figures, £250,000, out of a total of about five and a-half millions.

Summarised, the leading objections to the Scotch Bill are:—

1. The trouble and possible expense to the ratepayer of having to make even an approximately correct return as to area and value.
2. The uselessness of the Bill where the owner of an unburdened site, whether occupied or unoccupied, is free to make a new contract with his tenant.
3. The injustice of taxing, without even representation, the holders of existing ground-rents, who are the only parties unable to protect themselves.

Of course, the reasons, or rather, the plausible theory advanced for this special taxation, is that any increase in the value of a site is created by the community, and that that increase if possible the whole of it—should be appropriated and applied to the relief of taxation.

The best way of examining this theory, and at the same time testing the working of the proposed Bill, is to take one or two actual cases, such as have occurred in Glasgow.

First, a successful case. A builder, A.B., erected a block of shops and houses, the value of which was recently fixed by two surveyors at

...	£8,000
The cost of erection was about	5,500

Thus showing the site value to be... £2,500

These values were arrived at after making allowance for a ground-rent which amounted to £25 per annum.

The history of the transaction is that the ground was acquired many years ago, at the above ground-rent, by C.D., who, after using it for temporary purposes for a long time, sold it, subject to the burden of the ground-rent, at the price of £1,280. Deducting this price from the site value of £2,500, there is £1,220 left as A.B.'s share of the site value.

Now, note the anomaly of the proposed system of taxation. A.B., the builder, would be required to pay the special assessment, not on this £1,220, which represents his entire interest in the site value, but on the whole £2,500 at which it would be assessed, while C.D., who has taken £1,280 of that sum, would be allowed to walk off untaxed with that amount in his pocket. Then, to complete the confusion and injustice, the holder of the original feu-duty of £25, who would certainly not appear to have done anything for which he should be penalized, would be drawn into the meshes of the new taxation to the full extent of the 2s. in the £.

The above has been chosen as an instance of a specially fortunate transaction, which is, however, not by any means a common occurrence. The reason of its success was that certain land in the neighbourhood came to be built upon extensively for workmen's houses, and that an eager demand and competition by shopkeepers for premises from which to cater for the new population having, in consequence, sprung up, good shop-rents, which reflected the enhanced value of the land, were readily obtained.

This is the kind of transaction often quoted by land taxation advocates as an example of cases where the "unearned increment" ought to be secured for the community. But it is difficult to reason out why any individual member of that community should escape paying a part of his just and lawful debts, in the shape of taxes, such, for example, as those charged for police protection, &c., of which he alone derives the benefit, just because it may have happened to suit the convenience of a section of the same community to take up their residence in a particular locality, and to do a considerable amount of their shopping on the property—A.B.'s in this instance—of a particular owner.

A second, and, this time, an unfortunate and unsuccessful case may be quoted. A builder acquired land in what appeared to be a good residential situation, and paid for it £700. He built a block of good-class dwelling-houses thereon, rented from £30 to £40 a year, and the cost of erection was about £3,900—total, £4,600.

Unfortunately, another builder secured some adjoining land, and there built several blocks of much smaller and cheaper dwellings—workmen's houses. The result was, of course, that

the better-class houses did not take ; and the enterprise proved a dismal failure. The property which had cost £4,600 realised, on a sale, only £3,685, this sum being £215 less than the cost of the buildings, and the deficit—£915—more, therefore, than the value and cost of the ground.

These examples supply two problems. First, what under the proposed new valuation return, should be entered in the column as the site value ? And, secondly, in what manner the community who, under the Bill, would secure a large share of any accruing profit, are, in instances such as this, to make good the loss to the unfortunate building owner ?

The necessities, preferences, and acts of the different sections of the community had as much influence in causing the loss as in producing the profit. Instances might be multiplied, giving results of a similar description showing both gain and loss.

Further, the rise in value of property can frequently be traced to the enterprise of an individual or a company, and to their establishment of an industry, or means of communication, such as a railway or tramway. Enhanced value is, indeed, in a great number of cases, more directly traceable to individual private enterprise than to any act or expenditure on the part of the community.

And, here again, there is another side to the picture ; for these very enterprises have, by diverting traffic, displacing population, destroying amenity, &c., &c., frequently a disastrous effect on property in other situations. In even a more marked and definite degree, legislation for the benefit of the community—such as the recent Burgh Police (Scotland) Act, 1903, by which, at an interval of only 11 years after the previous Act, and with a view, presumably to the improvement of the public health, drastic alterations have been made in the regulations as to width of streets, back courts, or other free spaces—largely tends to reduce the value of land, and builders and others who may have bought land for development and based their calculations of value, and plans for laying it out, on the assumption that they had only to make allowance for existing requirements, will, in many cases, find themselves subjected to serious sacrifice and loss. Another and very forcible illustration of this occurs in the case of the London County Council's Bill for the amendment of the London Building Act, of which we read so much, and which appears to contemplate regulations, which though devised exclusively in the interests of the community, will, in many cases, similarly inflict very serious loss on owners.

In common fairness both sides of the account between the landlord and the public ought to be reckoned up by theorists, before embarking on any such impracticable scheme of legislation.

Moreover, it will simply disturb the property market and check building operations; and while at first it will entail hardship and injustice upon owners, the result eventually will be a considerable increase of rents, so that the very object the promoters of such legislation profess to have at heart will be defeated.

I am, Sir, your obedient servant,

WM. FRASER.

209, St. Vincent Street, Glasgow.

To the Editor, PROPERTY MARKET REVIEW.

SIR,

Mr. Haldane's letter, which appeared in your issue of the 14th inst., raises a question of the very greatest importance, viz., as to whether, and to what extent, the authority of the five Royal Commissioners who drew up and subscribed what is known as the "Minority Report," can be justifiably cited in support of either Mr. Trevelyan's or any other Bill, of which the basis is an onerous rate on owners. The five Commissioners were the Right Hon. Lord Balfour of Burleigh, the Right Hon. Lord Blair-Balfour (who, as Lord Kinross, subsequently became Lord President of the Court of Session and Lord Justice General of Scotland, and whose death took place on Sunday last), Sir Edward Hamilton, K.C.B. (Secretary of the Treasury), and Sir George H. Murray, K.C.B. (at that time also of the Treasury, and now Secretary to the General Post Office).

Mr. Haldane, who states that he is in favour of a measure based *in the main* on the conclusions contained in this "Report," speaks only, it is true, of "a" scheme for rating land values, and makes no mention of any specific proposals. As, however, he was one of the majority of 67, who, on the occasion of the second reading last Session, voted for Mr. Trevelyan's Bill, he obviously regards that measure as coming within the prescribed category.

In other spheres, and notably, as all must have observed, in the case of the London County and other Municipal Councils where difficulty is experienced in getting non-partizan members to give any countenance to this project, its exponents, in the same way, utilize, not so much the Report itself or its recommendations, of which, as a rule, they are either entirely ignorant or but very ill-informed, as the names of its authors, two of whom are—like Mr. Haldane himself—members of the Privy Council.

One other preliminary point. Mr. Haldane, in answer, as, is seen to some intimation in that sense on your part, states that "he would not, on so important a principle as rating the unearned increment of ground value, allow himself to form an opinion based on mere party reasons." I think Mr. Haldane may—in common with every other prominent Liberal politician who, during the

Boer War, set country above party—safely rely on a general and implicit acceptance of any such assurance, and will only add that, if leaders of thought in the ranks of Liberalism will conscientiously adopt or maintain an equally high-principled attitude, the fate of this particular Land Values Rating and Assessment Bill will not be left long in doubt.

An analysis of the Bill on the one hand, and of the Report on the other, results as follows :—

Mr. Trevelyan, in contrast with all previous proposals, inclusive of those of Mr. Fletcher Moulton and Mr. E. J. Harper (London County Council), proposes a division—in proportion to site value and value of buildings—of the full rates of the district.

The Minority Commissioners would leave the full rates of the district to fall, as at present, on the occupier, but, subject to recognition of existing contracts, would impose upon owners a special site-value rate, of “*moderate amount*,” to be levied “*alongside of the existing rates*.”

The following (Chap. IV. p. 157) is a summary of their reasons. Division of rates prevails in Scotland with regard to the majority of rates, urban and rural alike, the whole being charged upon the occupier, who is entitled to deduct one-half from his immediate landlord. The Commons Select Committee on Town Holdings, in 1892, recommended the adoption of this plan in England, but Mr. Goschen accompanied the proposals by elaborate provisions with regard to representation on the spending authorities, and for giving owners other special protection. The Minority Commissioners, not considering that “any effective scheme of this nature would be considered compatible with the increasingly democratic character of local self-government,” and pointing out (Chap. XIII. p. 171) that “the danger is obvious that a direct charge of rates upon lessors might lead to extravagance and plunder, since lessors, in most cases, have no votes as such, and, if they had, would probably have no adequate voting power,” arrived at the unanimous conclusion that (Chap. IV. p. 157) *the scheme of division of rates must be rejected*. And, as showing that such a method could not and would not afford any solution of the problem, the fact may be pointed to that it is just in Scotland, where the principle of division is, as stated, already in operation, that the agitation for change is the most emphatic.

They then proceed (Chap. XIII. p. 170), by anticipation, to thus deal with Mr. Trevelyan’s Bill :—“A proposal,” they say, “has sometimes been made for the division of rates in proportion to the respective values of site and structure, *i.e.*, a scheme by which the total rates levied in respect of each hereditament would remain the same as at present, but the part proportionate to site value would

be charged on the owners of site value, and the rest on the occupier. But this scheme is open to all, *and more than all*, the objections which can be brought against the old scheme for the division of rates, half-and-half, between owner and occupier."

Mr. Trevelyan's Bill imposes on owners the full rates, irrespective of the objects for which they are raised.

The Minority Commissioners (Chapter XIII. p. 172), say that "though conscious of the difficulty of framing an exact definition, or an exhaustive catalogue, the purposes for which a site rate might be levied should, speaking generally, be *defined by Statute, and be strictly limited to expenditure tending to increase directly the value of urban land.*

Mr. Trevelyan's Bill, while imposing the full rates on owners, makes no provision for safeguarding their interests, and is silent on the subject of representation.

The Minority Commissioners say (Chapter XIII. p. 172), that, "to confer upon occupiers, even indirectly, in their capacity as voters, the power to impose or increase a rate payable by the latter, is a measure which ought to be accompanied by stringent safeguards," and that "alongside others, and as an automatic safeguard against predatory tendencies," (1.) "*one half of the site-value rate should be deducted from the rents payable to owners under all future contracts, and the remaining moiety finally charged upon occupiers*; as, in that case, for every penny charged on the owner, the occupier would have to pay a penny out of his own pocket."

(2.) That the rate in the £ should be strictly limited by Parliament.

Mr. Trevelyan's Bill would make an isolated feature of the rating of land values.

The Minority Commissioners proposed it as part of, and dependant on, an entire readjustment of local taxation, a main feature of which was a largely increased subvention from the Imperial Exchequer in relief of the rates.

They say (Chap. XIII. p. 171) "the new charge, even where it falls most heavily, would be counterbalanced by *the relief proposed to be granted in the shape of increased subventions.*" "Now we admit, and, indeed, contend" (Chap. XI. p. 168) "that a large part of the present rates falls on the owners of site value in towns. But the more the burden of rates actually falls upon them now--and some eminent authorities maintain that the whole burden

falls upon them—the greater will be the ultimate *relief which will accrue to them from the increase of State aid.*” And in the final Summary (Chap. XV. p. 176) add that “if a moderate proposal to effect these objects is ever to be made, it would be specially opportune to make it at a time when, under the schemes which we” [that is the entire body of Royal Commissioners] “are putting forward, the burden of rates in towns would be appreciably relieved It seems desirable that any increased provision made by the State in aid of national services, locally administered, should be accompanied with some *make-weight*, in the shape of an owner’s site-value rate.”

Mr. Trevelyan’s Bill provides that, in any case where the land value assessment shall exceed the present rateable value, which may happen when, in any locality, a building, through age or otherwise, is below the standard of surrounding properties, rates are to be paid on the land-value assessment.

The Minority Commissioners, having rejected the full-rate proposal, did not consider or require to consider a measure of so coercive and far-reaching a character.

Mr. Trevelyan’s Bill charges full rates on site value during “empty” periods.

The Minority Commissioners (Chap. XIV. p. 173) deprecated this plan, and thought that “the equity of the case would be met by the imposition of the moderate site-value rate which they proposed.”

With regard to the important and serious question of rating uncovered land, it may not be irrelevant, before setting out the alternative proposals, to show the manner in which the subject is regarded by Mr. Trevelyan on the one hand, and the Minority Commissioners on the other. In a letter of the 19th December last to the “Daily News,” Mr. Trevelyan, who also says that “what is needed is to levy the rates no longer from an assessment which represents the letting value of the whole property, including the buildings, but gradually to levy them on the land value alone,” adds that “Land-value rates, based on the true selling value of the land, will send the landlords begging to the community. Very few of them will continue, even for a year or two, paying the rate without letting or selling the land in order to realise its value. They will come tumbling over one another in their eagerness to sell; and down will come the value of land to the price at which it ought to be sold, that is, a little above its agricultural value.”

The Minority Commissioners, who dissociate themselves (Chap. XI. p. 166) from any sympathy with the “crude and violent theories” which some witnesses had put before them, and who

(Chap. XI. p. 168) "did not propose and could find no justification for anything like the spoliation of a particular class" (Chap. XIV. p. 173), say, "But a far more intricate problem presents itself when we come to deal with uncovered land. For here it is no longer merely a question of occupation or non-occupation, but we have to face also the difficulty of valuation."

"Uncovered land in urban and suburban districts is not to any great extent actually unoccupied; it is mostly occupied for pasture, gardens, recreation grounds, or for various 'accommodation' purposes. When occupied it is rateable But this has been interpreted to mean rateable at the value to an occupier in its existing state." "Beyond the merely fiscal aspect of the question it is necessary also to bear in mind both the allegations, frequently made, that land is withheld from building by persons who are speculating for a rise, and the suggestion that the present method of taxation should be altered, with a view to removing the premium now existing in favour of that practice. It cannot be disputed that land is *sometimes* withheld from building; but on the whole, though it is very difficult to obtain definite and exhaustive information, we are inclined to believe that *merely speculative holding-up does not occur to any great extent or for any long periods*. The cases in which speculation might appear to be the motive, will often be found to be complicated by other and less simple considerations We are bound to admit that the difficulties of devising a scheme which would meet such cases, without involving undesirable results in other cases, *are very serious*."

The alternative proposals are as follow:—

Mr. Trevelyan's Bill would impose the full local rates on uncovered land, under the following circumstances:—(1.) The annual value would have to be ascertained by an *estimate* of selling value, and the application of an arbitrary rate of interest. (2.) The rating would commence from the moment that the land could be deemed to have an incipient prospective building value, and would therefore apply both to land that was *ripe* and to land that was only *ripening* for building.

The Minority Commissioners (Chap. XIV. pp. 174 and 175) having first discussed and expressly condemned such a scheme, and, pointing out that even that put before them by the London County Council contemplated only the imposition of a special rate of limited amount, proceeded as follows:—We are "*inclined* to recommend for adoption that the new site-value rate which we have proposed should be charged in respect of the site value of all uncovered land," but only to such

land as is "*intended to be let or could be let, with a covenant for IMMEDIATE building*, and they pointed out (1) that the charge would be moderate and strictly limited in amount; (2) that it would avoid the injustice of taxing owners and occupiers of agricultural land upon a capital value which could not be realised in the form of annual income; (3) that it did not deduce annual value from capital value, but adhered closely to the present definition of value as *the rent at which a property might reasonably be expected to let*, the only modification being that it removed that strict limitation which, as mentioned above, had been placed upon the definition by the Courts of Law; and they recommended (4) that if the owner considered the valuation excessive he should be entitled to require the Local Authority to take over the land at a fixed number of years' purchase of that valuation.

They were further of opinion (a) that the rating of vacant land should be accompanied by a liberal and far-sighted policy in the direction of acquiring parks and gardens for public use; (b) that the authorities should be empowered to reduce or remit the charge in any case where they considered that the retention of the land in its present condition was, on public grounds, desirable, and (c) that provision should be made for safe-guarding land, which, in connection with a dwelling-house, was *bonâ fide* occupied as a garden or pleasure ground, (d) that it might be well (Summary p. 176) to apply the scheme on the principle of "local" option and limit its immediate application to districts having a population in excess of a given number and of a given density.

Mr. Trevelyan's Bill would, in addition to the County of London, make the proposed rating applicable, without exception, to all "boroughs and urban districts in England and Wales," and takes no account of the anomalies that would arise by reason of existing peculiarities of area boundaries.

The Minority Commissioners (Chap. XIII. p. 170), say:—'The question of area is a difficult one. We have no doubt that the scheme should be confined to urban districts in a *non-technical sense*, and to land which has received a large increase of value and is associated with a dense population and the execution of the great services of urban local government. But we frankly admit that to define the suitable areas by a precise formula is not easy, for it is well-known that some

‘urban’ districts, in the technical sense, are really more rural in character than some areas still known as ‘rural.’”

Those who have made any study of Local Government questions, and particularly this question of areas, will at once perceive that there is here, even if standing alone, a defect in these proposals which is vital, and which shows conclusively that, if dealt with at all, this subject should, as the Minority Commissioners contemplated, only be taken into consideration as part of a readjustment scheme of the most comprehensive and thorough-going character; for not only are some urban districts rural, and *vice versa*, but, owing to the peculiar relative position of district areas, in numerous cases, the boundary of a “rural” district—starting from which the land might have a considerable building value, but be exempt from the operation of the Act—cuts in quite close to the business centre of the town, whereas land *within* the urban area, which, being more remote from its centre of activity, might possess that element in a less degree, but would nevertheless be brought within its scope. Readers of Mr. James Barr’s irresistibly forcible letter, in your first Special Supplement, will not have under-estimated the importance of his remarks on this subject, and will require to give it but very little thought in order to be convinced of the impossibility of applying these fresh principles of rating in the form of an isolated independent legislative enactment.

The conclusions and recommendations of the Minority Commissioners are thus clearly expressed on these material points, and, whatever view may be entertained as to the main point in their findings, none will withhold from them the credit of attempting to deal with the subject in a broad and Statesman-like spirit. Is it surprising, therefore, that, on the occasion of the second reading of the Bill, no single speaker among those who expounded and advocated its provisions, can be found to have invoked the authority of this Report, or even to have alluded in any way to its existence?

I am Sir, your obedient servant,

A. DUDLEY CLARKE.

Abberley, Stourport.

To the Editor, PROPERTY MARKET REVIEW.

Sir,

In response to your request, I am writing you my views on the proposed separate assessment and rating of land values.

It is an objectionable Bill, because it will increase the burden upon land; will alter the relations of landlord and tenant; will render necessary a review by mortgagees of their position, with the probable consequence of expense to the mortgagors; will

compel building societies to alter their regulations to the disadvantage of their borrowers ; will create a new risk for trustees ; will increase the cost of rating valuations and number of appeals ; will supply, at the public expense, a large amount of information which is useful or necessary to private individuals, and for the obtaining of which they now employ experts at their own expense ; and will render necessary an inquiry into the covenants and obligations contained in leases and other deeds, as well as into the question of easements, and a variety of matters which affect the value of the land.

Fortunately, a large part of Yorkshire, and particularly the Leeds district, is freehold, and, therefore, not subject to ground-rents. Consequently the Bill, if unfortunately it should become law, might be applied with greater ease than in districts where ground-rents, head-leases, and sub-leases are established. If, therefore, difficult of application in Yorkshire, it would, I conceive, be much more impracticable in less favoured places.

In my opinion, the operation of the Bill will deter the speculative builder and investor from embarking their capital in the erection of houses, shops, and the smaller class of business premises ; first, because they will not be able to obtain money advances so easily as now ; and, secondly, because their obligations in respect of empty property will be greater.

Moreover, as soon as it was understood that, in the case of "empties," the owner would have not only to maintain his property in letting condition and lose all return on his capital for the time being, but would have, in addition, to pay rates upon the value of the site, and that the average income would, therefore, be less, a lower number of years' purchase of the annual rental would be given by buyers.

Thus, although the Bill (Clause 3) exempts existing contracts, it will, in this manner be, in practice, retrospective, and will be likely to inflict loss on all present owners of urban property. I have, moreover, an uneasy feeling that, if the present Bill became law, local authorities would soon obtain powers to abolish exemptions.

It will, I believe, lessen the demand for building land, and, in the long run, tend to decrease the provision of house accommodation, and, consequently, to encourage overcrowding which means the enhancement of existing rents ; while the only compensation it will confer upon occupiers is the meagre advantage of a division of rates between landlord and tenant.

Had the Bill been in operation during the last ten years, scores of thousands of pounds worth of freehold land in Leeds would probably not have been sold, or, if sold, would have had to be acquired at a price which would have taken into account the incubus of rating on unproductive as well as vacant portions during the process of development.

Two companies and one private investor have expended, in Leeds, in recent years, nearly a million sterling in real estate, of which at least £300,000 is at present unproductive, some of the buildings erected being in advance of the demand, and some of the land being unbuilt upon.

If the land had been rateable on the basis of 3 per cent. on its capital value, there would have been a net rateable value of at least £6,000 on the empty property, which at 8s. 2d. in the £ would, in addition to loss of interest on capital and the cost of maintaining the buildings in good letting order, amount, for rates alone, to £2,450 per annum.

With such a risk as this before them, purchasers could not have given the price for the land to the Corporation and others that they did, nor would Leeds have been so rapidly and marvelously improved as it has been.

Building societies, in consequence of the instalment system by which, in addition to interest, repayments are made in part reduction of loans, have been able to lend up to three-fourths of the value of the properties. If, however, the Bill comes into operation, they will no longer find it possible to be so liberal, as, in order to meet the liabilities for rates upon empty properties which may fall into their possession, they will have to retain a sum in hand or increase the rate of repayment, and will have also to be stricter with impoverished mortgagors, and extend to them less consideration than heretofore. In my opinion, building societies, in the interest of small investors, should oppose most energetically this insidious and dangerous Bill. And then there are the co-operative and friendly societies, who have invested large amounts of capital in freehold properties for purposes of investment, and who ought also to consider their position in relation to it.

Trustees and mortgagees, generally, will have to protect themselves, which they will probably do by the insertion in their trust and mortgage deeds of a clause reserving to themselves the power, at the mortgagor's expense, of reviewing their securities, say every three years; and then, in the event of any risk or indication of empties, or if they have any doubt about the equity, will have to call in their money; otherwise, by becoming mortgagees in possession, they will render themselves liable for the rates on the land. Hence, investors, feeling their position to have become more onerous and insecure, will no longer seek freeholds as an investment as eagerly and confidently as they have hitherto done.

The difficulties of assessment committees will be largely increased by the operation of the Bill; and the whole system of rating will fall into the hands of experts, whose field of work will be enlarged, and whose profit will be increased, because of its greater intricacy.

Looked at from a purely professional point of view, one need not regard the Bill with disfavour; but, on public grounds, I sincerely hope that the Government will exercise that common sense for which I give them credit by strenuously opposing it.

If, however, it should become law, which I do not think is likely, justice should be dealt out evenly all round, and accumulated capital of all kinds be made subject to rating. It is not reasonable that the man who invests in urban land, from which he may get no return, should contribute to the rates, while another, who has equal capital value in cash, on deposit in a bank, or locked up in a strong room, should contribute nothing.

Our system of rating is by no means perfect, but this Bill is not only no improvement, but I regard it as objectionable, impracticable, unnecessary and unjust.

I am, Sir, your obedient servant,

JOHN HEPPER.

East Parade, Leeds.

To the Editor, PROPERTY MARKET REVIEW.

SIR,

I have to thank you for the enquiry addressed to my directors with respect to the Bill introduced by Mr. C. P. Trevelyan and read a second time during the last Session of Parliament.

My directors would remark that the British Land Company, with its twelve hundred shareholders, has no politics, and that any expression of opinion on the part of my directors must be regarded as coming from them in their official capacity as trustees for the shareholders.

The company has been in existence for about fifty years, and during that period has been engaged in the purchase and development of building estates to the value of upwards of four millions. During the last ten years the average rate of dividend paid upon the capital of £300,000 has been about £5 per cent.

The underlying principle of Mr. Trevelyan's Bill is that of assessment of hypothetical value, which may or may not ever be attained, inasmuch as it is proposed to assess the value of the site irrespective of its present use. The practical impossibility of any just assessment on the basis indicated, is the result of the general conditions under which land, in most of the urban districts which would be affected by the measure, is held. The experience of many years shews that, in a large majority of such districts, the demand for land fluctuates greatly.

When the building trade is in an active condition, a portion of a building estate will be covered rapidly; the demand will then die away, and the land become practically unsaleable, until pos-

sibly some years later it will again revive. Under circumstances such as these, this company has owned one estate near London for more than thirty years, and development is still proceeding at an extremely slow rate. Occasionally two or three plots may be sold, at prices which could not be ignored by an Assessment Committee, but which form absolutely no guide to the value of the remainder of the land. This is not an isolated case; in many parts of the country there are numbers of building sites which can neither be sold nor let by the owners.

The Bill under consideration would involve freeholders of unmarketable properties such as these in the payment of rates upon property which has absolutely no earning value. Vacant sites may have some prospective building value which could not be ignored by a valuer who is assessing the property under Mr. Trevelyan's Bill, but this prospective value may only be realised in the remote future. Meanwhile the unfortunate owner would find his whole income absorbed by the payment of rates upon the prospective value. This, my directors think, is the inherent evil of a measure which assumes a value which may or may not be attained; and it is hardly necessary for me to point out how very serious would be the burden of taxation resting upon a company like the one represented by my directors, where the shareholders are, for the most part, investors of very small means.

Turning for a moment to the interests of the purchasers from the company, my directors would point out how very seriously mortgagees and annuitants must suffer under the provisions of the Bill, inasmuch as a first charge of a very onerous character would be imposed which could never have been contemplated by those who have advanced money upon urban land, or who have charged annuities upon it in the interests of their successors. Indeed, it is quite conceivable that persons who could not possibly be benefited by any increment which might accrue in consequence of an improvement in the value of the land, might be ruined by the taxation imposed under this Bill.

My directors think there are other and very serious objections of a public character with which it is not necessary that I should trouble you at length; but I may just say that, while the public authority to whom it is proposed to commit the right of assessment will be able to employ able professional assistance in the imposition of the new rate, the smaller owners of property will be wholly unable to contest the decision of the rating authorities.

My directors are aware that, in somewhat rare instances, land is held for a considerable period after it is ripe for development; but they are convinced that it would be possible to give public authorities power to acquire such land in the public interest, and upon equitable terms, without involving a large number of persons in the undeserved hardships and pecuniary loss which must

inevitably result from the passing of any measure of the character of the Bill under consideration.

In conclusion, my directors notice that, in reply to strong adverse criticism, the Bill has been supported on the ground that "the State can do what it likes," but my directors cannot think that the majority of the supporters of the Bill desire to see a measure placed upon the Statute Book which, in its operation, must outrage the elementary principles of justice, or that they ignore the fact that legislation of the character indicated can only in the long run injure the community.

I am, Sir, your obedient servant,

E. J. DAVIS,
Secretary.

The British Land Company, Limited,
25, Moorgate Street, London, E.C.

To the Editor, PROPERTY MARKET REVIEW.

SIR,

I beg to thank you for your letter and its enclosure, and just write to say that I am very glad you are collecting information on this important question, which is, as you say, being actively pushed forward. It is undoubtedly a very difficult one, and any measure dealing with it will require the greatest consideration. It can, in my opinion, only be justified if it really helps to solve the housing problem.

I am, yours faithfully,
JOSEPH HOWARD.

18, Kensington Court, W.

To the Editor, PROPERTY MARKET REVIEW

SIR,

In reply to your circular letter, the whole idea of taxing land values is most unfair, especially to small owners of property and ground rents. We think the proposed Bill ought to be most strongly opposed.

We are Sir, your obedient servants,

THE LONDON AND SUBURBAN LAND AND BUILDING CO., LTD.
H. W. WEST, Secretary.

1 and 2, Great Winchester Street, E.C.

To the Editor, PROPERTY MARKET REVIEW.

SIR,

I have always hitherto understood that legislation in regard to rating land values was likely to take the form of imposing taxes upon unbuilt on land which had acquired a more or less immediate building value through the extension of towns and other

circumstances. The alleged justification for such a course I understood to be, first, that it was only reasonable that the landowner should contribute to the revenues of the district, the development of which had made his land valuable; and secondly, that taxation of vacant building land would act as a deterrent to rapacious landowners who, in view of the monopoly they enjoyed, were said to hold up their land for extravagant ground rents.

I observe, however, that both the English and Scotch Bills on this subject—particularly the latter—go much farther than this, and deal with all land values, whether the land be vacant or occupied by buildings.

I gather that under the English Bill, in the case of all land “sufficiently covered by buildings” the sums set against land and buildings separately are not, or will not be likely to exceed the present total rental or valuation of the premises. In the Scotch Bill of Mr. Caldwell, however—if I have read it aright—I do not observe any similar provision. I therefore infer that, under his proposal, the “land value” will, in effect, be a separate assessable unit—as against the owner only—in addition to that which is based on existing yearly rent or value.

If I am right in this assumption there will, in the result, be obvious duplication of rating and consequent inequity, as I do not think it doubtful that in the majority of cases land values are at present rated. To illustrate this, take the case of two buildings of similar structural cost, one being situated in a main thoroughfare where land is worth, say £50 per square yard, and the other in a side street where the ground value is only £5 per yard. It is surely hardly open to doubt that the value of the ground in both instances is reflected in the relative rents which the properties produce. If this be so, it is clear that the land, as a site, is in each case already rated in proportion to its value, and that, therefore, the new proposal is simply an attempt, by legislative means, to place a tax upon the property owner which is already comprised in the rate upon the rental value. It is unnecessary to refer to the special inequity which the Bill would impose upon those who have enfranchised their holdings by the purchase of the ground rents, or on those who have purchased such securities from persons or corporations who have pocketed the profit and cleared out. But it may be pointed out that, under the Scotch Bill, even those owners of ground rents whose predecessors leased their land long ago, at rates only fractional as compared with its present value, are to have the land tax deducted *pro rata* from their small ground-rent incomes, although their forbears, in thus leasing their land readily and timeously, may have proved themselves to be original saints instead of original sinners. It,

therefore, appears to me that the retrospective proposals of the Scotch Bill cannot be supported upon any equitable grounds.

As regards the proposal to tax vacant building ground on its prospective building value, it may well be doubted whether the result will be to bring it, on the average, earlier into use for building purposes. As a general proposition, buildings are produced at least quite as rapidly as the demand for them arises, and in cases where individuals have a monopoly I should doubt if the result would not be to raise instead of to lower ground rents. In the case of weak holders it might be different, but there is always the chance of such land being taken up by trusts and syndicates and given off on their own terms. Surveyors who were engaged in a comparatively recent Aberdeen arbitration may remember the phenomenal advance which certain lands made shortly after passing into the possession of such a syndicate. On the whole matter it appears to me to be not improbable that sooner or later the occupier would be most likely to suffer under the proposed scheme.

I am, Sir, your obedient servant,

JAMES I. DAVIDSON.

Saughton Mains, Edinburgh.

To the Editor, PROPERTY MARKET REVIEW.

SIR,

In reply to your letter, I beg to refer you to a letter of mine in the "Times" of April 8th last, written when the Bill was before the House of Commons, and, as a past-President of the Surveyors' Institution, I may, perhaps, have some claim to speak with knowledge on such a subject. The following are my views as expressed in the letter:—

The special objection that there is to the Bill to my mind is the proposal to rate uncovered land on its hypothetical capital value.

I venture to say that, almost without exception, building land is built upon when it becomes ripe—*i.e.*, when the space fringing towns comes into demand for the erection of works or the housing of increasing population. Few people can afford to hold such land back, and if they do they usually outstand their market, the demand, which is irrepressible, being satisfied elsewhere.

Ripe building land would not present difficulties in assessment, but it is *unripe* building land—land which is presumed to have prospects beyond pasturage or cultivation—which causes the widest divergence of expert opinion.

It may not be too much to say that no one is skilled enough to guess with accuracy the prospects of uncovered land. So much depends upon the course of trade, upon the progress of industry

and consequent increase of population, upon war, upon the production of the precious metals, and other causes out of the range of human foresight. The French and German war raised the price of urban land; the South African war depressed it.

I have known land purchased 35 years ago on which streets and sewers were immediately constructed, but on which there are no buildings to-day. On the other hand, I have known, in recent years, a small farm, let at £100 a year, sold for £50,000, with results that well justified the price. So many circumstances, both local and national, may affect the prospects of land that the building speculator, who is always a pioneer, has to take considerable risks. It is this class that the Rating Bill, I believe, wants to catch, and I submit it is the wrong class to be caught.

It is the speculating pioneer to whom many large towns owe much progress and improvement. It was, I believe, a speculator who made raised streets across the marshes, and largely built Belgravia, a district which is no disgrace even to fashionable London. Without him private people could not have created such development. He it is who makes the Municipality rather than the Municipality makes him.

The speculating builder is largely a borrower, and there are usually considerable mortgage investments on his land.

To rate land on the capital value on a 3 per cent. basis as proposed in the Bill would check enterprise; bring serious loss to those who could not have foreseen such an unjust impost; imperil many mortgage investments; and place an intolerable burden on the savings of working people.

I doubt if land can be forced into the market for which there is no natural demand. Certainly no economic force can provide money for putting up buildings, or create people to live in them, any more than physical force can make a horse drink.

In some well-managed towns there is no alarming increase in the rates which need cause them to catch hold, in a crude fashion, of property nearest to hand, such as uncovered land and machinery used in production, in order to find additional security for their borrowings. The town of Leicester, which I represent, is better provided with open spaces than most towns. It has almost the lowest death rate. It has grown beyond expectation. It is constructing an additional water supply, of 12 million gallons per day, from the Peak of Derbyshire, 70 miles away, and has a complete system of electric traction approaching completion, and last month the chairman of the Finance Committee announced a reduction of 3d. in the £ in the rates.

While local rates for all purposes are levied on such a limited class of property, and such a limited class of people, pressure for the re-adjustment of their incidence must always be looked for; but, if Municipalities want a larger field from which to gather

in their increasing exactions, let them be original enough to get the doors of the safes and strong-rooms open and levy some portion of their rates upon the large properties hidden away therein.

I am, Sir, your obedient servant,

54, Curzon-street, W.

J. F. L. ROLLESTON.

To the Editor, PROPERTY MARKET REVIEW.

SIR,

When the question of the taxation of land "values," as it is now called, first cropped up under the style of the taxation of ground "rents," some few years ago, the idea seemed so preposterous, the anomaly so great, and the impossibility of dealing with it in a practical manner so apparent on the face of it, that one was disposed to regard it as too visionary altogether, and not likely to come within the scope of practical politics. Times, however, move apace, and the Radicals, in their desire to penalize those who possess an interest in "land," having been so far successful in their efforts as to render "agricultural land" a drug in the market, have now turned their attention to "urban land," with a desire to extract from it a fund enabling the recently-created local bodies to carry on their lavish expenditure uncontrolled by their constituents.

It must be obvious that the site value already contributes its full quota to all rates and taxes whatsoever. The "rateable value," upon which rates and taxes are levied, being the full value that an owner realises for his house or premises, is the combined total annual value of the two factors—the site and the structure—and, as it is upon this combined value that the rates are paid, it follows naturally that each contributes its share *pro rata*. For example, a building in the City of London lets at a net rental of £1,000 a year, of which the value of the site will probably be represented by £600 and the structure by £400. Of the total amount of rates which, for the purpose of illustration, we will say amount to 5s. in the £ on the total annual value, three-fifths are payable in respect of the site, and two-fifths in respect of the structure; and the same principle of contribution will be found to apply in the case of an artisan's house in the suburbs, except that in this case the proportionate contributions will be reversed, the site value contribution being one-fifth and the structural value contribution four-fifths.

It being thus evident that the site is already fully rated, why should it be burdened with additional, and consequently unfair, taxation? Is it not simply from a spiteful and grasping desire to mulct the owner of the site? But will it have that effect? Will it succeed? Surely not. It cannot be applied, in any case retrospectively, as it is proposed to apply it in Scotland, except at the

cost of a complete abnegation of all existing contracts, an entire upheaval of the law of the land, and unless everything relating to property is to be turned topsy-turvy. As there cannot be much likelihood that this will happen, any such contemplated special taxation will, in spite of all prohibition, in the result, fall upon the occupier, who alone is interested in the site, and who has taken the premises either because, in respect of the "site," they are in a good business position, or a convenient residential one, the same consideration weighing in this respect equally with an artisan at Blackwall as with a millionaire in Mayfair. Whatever additional rate is imposed will, naturally, be added to the rent hereafter to be paid by the occupier. The law of supply and demand will see to this.

Unjust and impolitic as is the idea of further taxing ground values at all, it is still more monstrous to introduce, as appears to be intended, the principle of taxing the site at a value wholly irrespective of its present user. Surely it is the use to which a property, or a commodity, can be applied, that gives it any value whatsoever, be it land or the produce thereof, or whether it be from a building on the top, or from food-stuffs on the surface, or from minerals below; and if it cannot be used for any other purpose, surely such purpose is the measure of value. It would be as reasonable to tax the holder of South Eastern Railway deferred shares, which do not pay any dividend, on some estimate as to the income they *ought* to produce, as to tax a site on the use to which someone might think it *ought* to be put.

One result of such taxation would be that ground kept for garden purposes would—because there might be some latent element of building value in it—be rated as building land, and this quite regardless of the fact that the occupying owner has no wish or intention of devoting it to that purpose, and would, if he did so, be drying up a breathing space, and, perhaps, reducing the rateable value of all surrounding property.

The "unearned increment" in land, and the consequent increase in value, arises, it is said, from no act of the owner; perhaps not; nor does the increase in value of other properties. What but the prosperity of the country makes the railways pay, and their shares, in some cases, rise far above par?

That the occupier, as such, must and ought to pay, is clear from the case of an occupying freeholder, who, so long as he himself is in occupation and enjoyment of the premises pays on the full rateable value, including site and structure. Should he, however, let his property for a term of years, it will not be he who, any longer, for the time being, will derive benefit either from local expenditure or from increase, if any, in value, but the occupier, who, as is pointed out in the Minority Report of the Royal Commission on Local Taxation, has, therefore, no just

cause whatever to complain. Or again, in the case of ground let on a building lease. The owner has no further interest whatever in the site value until the lease expires, while the occupier, on the other hand, who, as is not to be lost sight of, occupies and controls, not only the structure but the site as well, enjoys to the full all advantages accruing to it during the term.

Even if the principle were sound, how is it to be applied? Take an instance of which I can speak from my own knowledge. A ground landlord, or "site owner," lets a site, at a ground-rent of £170 per annum, on a building lease; the lessee or building owner executes an underlease, by which he improves—*i.e.*, "increases"—the ground-rent to £1,170, and sells the profit-rent, amounting to £1,000 per annum, thus created. But this he does in such a way as to retain the premises, which he then lets to 24 tenants, or sub-lessees, at rack rents amounting to over £5,000 a year. Who is to pay the rate on the "site value?" The site owner—*i.e.*, the freeholder—has no interest in the site until the ground lease expires; the purchaser of the "improved rent" has no reversion, and, therefore, no interest in the property beyond his secured net income, for which he has paid full value; and the building owner, who will also derive no ultimate benefit from the site, has demised his interests to under-lessees, who, in rent, already pay the full annual value of their respective holdings.

There is no question but that any such suggested taxation would have a most depreciatory effect on urban land, whether covered or uncovered; it would tend to retard improvements and development, and would not only reduce its value enormously—and thus counteract the desired object of getting more money out of it in rates—but would, in fact, make urban land almost unsaleable.

I am, Sir, your obedient servant,

99, Gresham Street, E.C.

E. H. BOUSFIELD.

To the Editor, PROPERTY MARKET REVIEW.

SIR,

I have read through the "Land Values Assessment and Rating Bill," which I venture to say is known to but very few persons who would be prejudicially affected if it became an Act.

As an example of the nims of the gentlemen who are promoting this agitation and who themselves, as is obvious, prefer investments in other than land and houses, I will refer to a pamphlet of the late Mr. Saunders, M.P. for East Hull, in reference to rating vacant town building lands. He referred to a park at Herne-hill of about 100 acres, which was rated upon its rental value of £5 per acre. Mr. Saunders said that it was worth £40 per acre per annum for building purposes, and that, therefore, the owner ought to be assessed at that sum. Thus, 100 acres at £40 per acre

equals £4,000 per annum, which at twenty-five years' purchase equals £100,000. At 3 per cent., as provided in the Bill, the assessed value would come out at £3,000 per annum, upon which full rates would be payable. This would be ruinous and confiscatory.

In Mr. Saunders's examination before the Town Holdings Committee, he stated his opinion that all ownership of land was "legal robbery," and that if he had his way he would tax land at 20s. in the £—*i.e.*, absolutely confiscate it. He was at that time a British legislator!

The present Bill will, if it ever becomes law, distress, if not ruin, many tradesmen in London and in all towns. It, therefore, behoves all who would be affected by it to be alive to urge their representatives in Parliament to oppose such a revolutionary measure.

Any person reading the evidence given before the Town Holdings Parliamentary Committee (1888-91) by some of the best experts in the country against the extreme views of the agitators would be able to form a clear opinion as to what would be the effect if, by neglect, the Bill should ever be allowed to drift into an Act.

I will give one instance—Vol. 3, p. 206-4721—Holland-park would be assessed at something between £5,000 and £7,500 per annum, as the park would be called vacant building land.

Overcrowding is objected to, yet this Bill, if carried would cause overcrowding—the overcrowding of houses—because no landowner could keep his land vacant; he would be compelled to sell in order to avoid the heavy burden of the rates, and thus over-building would mean vacant houses instead of vacant sites, and spell ruin to builders, timber merchants, brick merchants, mortgagees, and others.

I am, Sir, your obedient servant,

C. F. DOWSETT.

Winklebury, Basingstoke.

To the Editor, PROPERTY MARKET REVIEW.

SIR,

The present movement, if it did not actually originate with certain members of the Glasgow Corporation, has now, for the last year or two, been entirely and officially stage-managed both in England and Scotland by that most estimable assembly. Possibly, therefore, you may not consider it either uninteresting or without utility if I give a brief but somewhat detailed account of the personalities, the particular individuals, and the *coteries* who, having sown the tares, are now, as may be presumed, looking gleefully and expectantly forward to an abundant harvest.

Imagine then a canvas, of more or less pretentious dimensions, upon which an artist has essayed to limn the salient outlines of the story. There, in the foreground, stand the bedizened fathers from many a score of City and Borough Councils, recalling, in their brilliant and resplendent robes, their tippets of ermine, their all-gold chains, and gem-set badges of office, the burgher chiefs of some mediæval Flemish town who, sullen and irate, are resolutely preparing to brave their high-born choleric Stadtholder, and assert their burgher rights.

The scene is laid in London, in an apartment of an improvised municipal palace which adjoins the Mall, and is, therefore, not altogether inconvenient in situation for the Trocadero, the Savoy, Prince's, the Carlton, and other choice and æsthetic abodes of the culinary art; or for the clubs, theatres, and places of amusement of the less strictly Presbyterian character in, and in the neighbourhood of, Leicester-square. But though this—the middle of mid-London—is their meeting place, the enrobed ones are, as it appears, under the tutelage, not of a lordly chief-burgher of the mighty Council of the great Metropolis, but of one whom they have brought—or he them—from the North. His bedazzling and stately attire indicate unmistakably his high burgher rank; but his somewhat long-drawn-out figure, as well as his speech and features—rugged and furrowed—are suggestive of the land of the shanrock.

Grouped compactly, and as if leaning mutually on each other for support, these Statesmen of the great towns are agitatedly shaking their accusing uplifted forefingers, angrily and menacingly, at the members of an opposing group—a kindly and even, for the most part, a benevolent-looking band—who may be observed to pale and shrink perceptibly as they note the angry visages and hear the swelling chorus: “Rascals! It is you, is it, who rack-rent and grind the faces of the poor! It is you, is it, who ‘hold up’ land that should be given over ‘without money and without price’ to the citizens! It is you, is it, who lie by in sloth and indolence while *we* toil, and labour, and delve, and spin to produce your unearned increment!”

Then imagine a second and equally pretentious canvas, and, in the foreground, the same bedazzling group of reeves and seldermen, on whose faces the former expression of anger has now become changed to one of inexorable set purpose; and, again, in juxtaposition stand a compact though somewhat less numerous band, who, in this instance, display upon their countenances a mixed expression of fear, resentment and submissiveness. “Look to it, *irs!*” say the enrobed ones; and again the angry fingers wag threateningly. “Look to it, that in the coming Session at St. Stephen’s you do justice between us and those wretched persons who, as you came in, have just passed out. Argue not

with us ; and let there be no trifling. But look to it ! Look to it, sirs, or look not to a seat for the constituencies which we, more than you, represent, when next there is convoked a Commons House of Parliament."

And the people's elect, resentfully and silently—for is there not death in the threat?—retire from the presence. The great ones also disperse, and although, of course, there is not a scintilla of justification for such a suggestion, gossip does have it that *wagons-lits* and first-class dining cars on all North-bound trains are, on that day, unusually crowded. But the resentful ones have no long respite. The season at St. Stephen's is about to open, and Municipal Representatives—some few from towards north-west, some few from towards north-east, but really, in the main nearly all from due north—again come hurrying down; and again gossip busies itself, and most unjustifiably whispers that the resources of elegance and luxury on all main lines are overtaxed; that fashionable hotels at Westminster are similarly "put to it" for months; and that the time between good living and sight-seeing, promenading, and an occasional flight to the Ranelagh Club, Sandown Park, or by coach to Brighton, Richmond, or Hampton Court, is spent in solemn conclave, and equally solemn delegations, and in interviewing and haranguing and lobbying—of course, more particularly lobbying—until, on such an occasion as the fateful March night of last Session, when Mr. Trevelyan's Bill was got through, the result of it all is made clear.

The Vicar-of-Bray section of the resentful ones, showing the wisdom of the serpent, tactfully absent themselves. It is Friday night, and the work of the week has been heavy ! The more pronounced waverers—only a few, fortunately, up to the present—vote for the second reading, being, of course, accompanied into the lobby by the servile rank and file of that particular section of the House which still answers obediently to the call of "C. B." And the announcement is made from the table: "Ayes, 223 ; Noes, 156. The Ayes have it." Majority 67.

Then there are dinners, and receptions, and banquets, and other inter-Municipality functions, and convivialities, and mutual congratulations ; and the irony of it all is that the elect of the people is made to preside, and returns thanks for the very cordial manner in which his health has been drunk.

So much for the comings and goings of delegates and Parliamentary emissaries. Now to give a sketch in outline of the movement itself.

I am quite aware that the London County Council and Mr. Fletcher Moulton laid a considerable amount of evidence on the subject before the Royal Commission on Local Taxation, and that the question has undoubtedly had some sort of a root in England from the time of the constitution of the London County Council some 14 or 15 years ago.

But it is, indisputably, to the Glasgow Corporation, who have flung boundless energy and solid cash into the work, that its present position is due. It is the Glasgow Corporation who have whipped up and coached and cajoled the other municipalities, and roused them into making the subject a leading question at Parliamentary elections. It is the Glasgow Corporation who have engineered conferences, and have even drafted a Bill of their own; and it is to the supreme efforts of the Glasgow Corporation that the betrayal of March last is due. How came the subject then to have been taken up by the Glasgow Corporation?

Thus. In about the year 1890, a certain Mr. John Ferguson, a Home Ruler, and, indeed, a native of the Emerald Isle, and—as goes without saying—a Henry-Georgite to the marrow bone, found himself installed as a member of the Town Council. The subject had theretofore been officially unknown to and absolutely uncareed for by the Corporation. John Ferguson altered all this, and soon succeeded in getting a committee appointed to enquire into the incidence of local taxation. Impelled by his activity, it quickly reported that some scheme for ascertaining the “unearned increment” of value in the case of all land should be devised; and that, thereupon, the entire rating of the City should be shifted from the shoulders of the occupiers on to those of owners. This resolution was not adopted. There was then not sufficient “ripeness” about public opinion. John Ferguson, however, was not disheartened, and by industriously pegging away, he at last, in 1897, got a resolution adopted by the Corporation, by a small majority, by which the taxation of land values was approved as affording “the most equitable method of removing present irregularities of local taxation.”

Two years later, in 1899, he obtained, at the hands of the Council, in a small House, by a majority of one, acceptance of a further motion, by which it was resolved that means ought to be devised for placing a tax both on vacant land and on feu-duties—which may be said to be almost equivalent to perpetual rent-charges; and a Bill was drawn up embodying not only these last-mentioned principles, but an entire scheme for rating land values, an essential feature of which was that there was to be no exemption under existing contracts.

With this Bill in his hand, Mr. Ferguson, who presently acquired the title of Bailie Ferguson, by which designation he is now universally and fondly known to all land nationalizers, obtained the appointment, as a permanent institution, of a Committee of the Council, with attendant bureau of Council officials, who took up the running. Money was lavished, whips went flying round, conferences were held, and, in fact, this extraordinary man fairly succeeded in “holding up” the whole Council. If Bailie John Ferguson was silent, all were silent. If Bailie John Ferguson

moved, the geese also moved, and there was forthwith flutter and cackle.

As in the case of Members of Parliament later on, so in the case of Members of the Corporation at this initial stage, Bailie John spread terror, and, although the Council are really dead against the scheme, if the individual views of members were allowed to prevail, when a resolution on the subject or a discussion comes up, those even who are openly opposed to it, have . . . have . . . have . . . "other engagements!" While those who remain, vote obediently and meekly with the "Ayes;" for is not Bailie John Ferguson's glittering eye upon them, and is there not something in its warning glance which says "Caucus?"

But now to the climax of the matter. The omnipotent Bailie was, as will of course have been foreseen, among the first to be honoured with an invitation to wait upon the members of the Royal Commission on Local Taxation, when, in 1898, they came up to Edinburgh for the purpose of taking evidence. A report of the momentous interview will be found in Vol. III. (Scotland) of the Commissioners' Reports, and supplies the following details as to how the worthy Bailie passed through the ordeal:—

(Q. 16838). "At present, I understand you would put upon that [the site value] the whole of the rating of Glasgow?" *Ans.* "£600,000, the municipal rates of Glasgow."

(Q. 16842). "If the voters in Glasgow desired it, you would think it right to take the whole?" *Ans.* "Yes; except that the Imperial taxes have to be considered."

(Q. 16872). "I think you said you were not a single taxer?" *Ans.* "No. I will give you the reason why. The single taxers say they are satisfied with 2s. or 3s. to begin with, or even less, as it cannot be shifted. I hold that until the whole 20s. in the £—that is to say, the entire unearned increment—is got, it can be shifted, because of the prosperity which would be created. . . . I hold that nothing short of 20s. in the £ will be a complete settlement of the question."

Three other mighty ones of the Glasgow Corporation also gave evidence. There was Bailie Chisholm, who, afterwards becoming Provost, knelt at the feet of her late Majesty and arose "Sir Samuel;" and there was Bailie Gray, who, like Bailie Chisholm, officially gave evidence on behalf of the Corporation. Bailie Gray—a most popular and respected citizen, but a hopeless "crank" on this subject—was, however, rather staggered by the task, and, breaking down completely, abandoned heroics, and to some extent left Bailie Ferguson in the lurch.

- (Q. 17186). "I do not understand you, then, to advocate a rate upon existing feu-duties." *Ans.* "I am prepared to consider very favourably a taxation on land values—a single rate."
- (Q. 17187). "On existing feu-duties?" *Ans.* "Yes; I am prepared to tax feu-duties, but I am not prepared to take a 'leap in the dark,' and have the whole taxation placed upon land values to the exclusion of others."

Mr. Bailie Chisholm—not so timid—professed himself to be perfectly willing to "leap" the chasm, and even to perform the feat "in the dark"; but he was fain to confess that the plan that would be most to his taste was "a succession of *short* leaps," rather than anything so irretrievably compromising as the great leap of Bailie Ferguson.

- (Q. 17039). "You mean to do something else?" *Ans.* "I have no doubt that if this were done, something else would thereafter be proposed."
- (Q. 17040). "What do you think that would be? Have you formed any view as to how much further you are going?" *Ans.* "It would be wrong to say that I have; but I think the likelihood is that a proposal would then be practicable, at all events, to allow a larger amount of local taxation on the land values than is at present under the existing system."
- (Q. 17041). "How much larger?" *Ans.* "It would really be Parliament that would decide how much larger; for we would not have any power to make any proposal, or, at all events, to carry any proposal into effect without Parliamentary sanction."
- (Q. 17042). "Mr. Ferguson, whom you know, told me quite candidly that he would go to the length of 20s. in the £. Would you agree?" *Ans.* "It all depends upon how that is to be interpreted."
- (Q. 17043). "But, like Mr. Ferguson, you look ultimately to getting the whole 20s.?" *Ans.* "I recognize the land values as the creation of the community."

Then, as a little concluding treat, comes the evidence of Bailie Peter Burt, a prominent Town Councillor, a member of the Committee on Land Values previously referred to, and one who, having proved himself a devoted henchman of Mr. Ferguson all through the strife, stood by him now with a vengeance.

- (Q. 16170). "To whom are you going to restore the land?" *Ans.* "To the people."
- (Q. 16171). "By this proposal?" *Ans.* "Yes."
- (Q. 16172). "But this proposal will not restore it to the people will it?" *Ans.* "What people want land for,

in the sense of ownership, is not the land but the rent ; and if we restore the rent to the people, we think we do all that is necessary to satisfy them."

(Q. 16175). "What is to be the next step?" *Ans.* "Increase the tax upon the value of the ground."

(Q. 16176). "Until you take it all?" *Ans.* "UNTIL YOU TAKE 20s. IN THE £."

And now for the third and last of this series of pretentious canvasses, which depicts the closing scenes in two tableaux.

In the first, the resplendent enrobed ones, have, with dignity of mien and lofty condescension, made their obeisance and have retired from the Audience Chamber. As the door closes on the last of the quartette, the nobles and gentlemen Commoners, upon whom the Royal warrant has imposed the duty of inquiring how the unfortunately heavy burden of local taxation may—irrespective of class—be made to fall more equitably, and with less harshness, on each and every loyal subject of the Crown, regard each other with glances, which having almost the force of articulate sound, plainly and sadly say ; "Alas ! And is this honest, God-fearing Scotland?"

The complementary scene portrays a chosen and representative group, who are awaiting the appearance among them of Mr. Bailie Ferguson. He relates the incidents of the ordeal, and when they learn how he has braved it out, and, sticking unflinchingly to his colours, has at length avowed to the world the real principles by which both he and they are imbued, they raise him on shoulders that are willing but—as their owners do not exactly bear the type of real sons of toil—are not stalwart ; and he is soon lost to view amid a galaxy of fluttering flags and banners, of which the principal devices are "Land Nationalization" ! "Twenty shillings in the £" !

I am, Sir, yours obediently,
THOMAS M. STEWART.

173, St. Vincent Street. Glasgow.



Digest of Expert Opinions.

The Separate Valuation.

"Is it to be the value it would possess if occupied by a temporary one-storey building, or is it to be the highest possible value it would have if forming the site of a modern eight or ten-storey erection? The only true test is afforded by its rental or annual value. It would be an impossible task to attempt to fix, year by year, what was the capital value of the land apart from buildings, machinery, &c. No ordinary owner could say what this is It would require the knowledge of an expert surveyor. And would involve a separate calculation for every class of property. To make up a Valuation Roll on such a principle would necessitate an amount of skill and labour quite beyond the ordinary resources of assessors and their staffs."—JAMES BARR, F.S.I., M.I.C.E., *Glasgow*. (pp. 15, 16.)

"If the tax is to be fair the valuation of the sites must be fair. There must be one standard of value applied to all. Those who have extensive dealings with property must know of numberless instances where the most experienced valuers would have the greatest difficulty in agreeing upon what was the market value in some instances. Will it not be necessary in common fairness that every one of these returns be checked by someone who has the knowledge? And back we come to district boards of experts with their intolerable expense and delay."—E. W. RUSHWORTH, F.S.I., *Savile Row, W.* (pp. 34, 35.)

"When you attempt to separate the value of the land from the rental and what the subject as a whole is producing, it is altogether a matter of opinion as to what the value of the land is."—JAMES HENRY, F.S.I., *City Assessor, Glasgow*; as quoted by Mr. JAMES BARR. (p. 16.)

"The Act would be extremely costly in its administration It would involve the organisation and up-keep of a very expensive special staff in each assessment area, whose duty it would be to constantly bring the original valuations up-to-date."—B. SHIRLEY SMITH, *Birmingham*. (p. 22.)

"While the public authority will be able to employ able professional assistance the smaller owners of property will be wholly unable to contest the decision of the rating authorities."—BRITISH LAND CO., LTD., *Moorgate Street, E.C.* (p. 55.)

"The difficulties of assessment committees will be largely increased, and the whole system of rating will fall into the hands of experts, whose field of work will be enlarged, and whose profit will be increased, because of its greater intricacy."—JOHN HERRER, J.P., F.S.I., *Leeds*. (p. 53.)

"My views are absolutely opposed to the Land Values Assessment and Rating Bill. I think its provisions are both wrong and unworkable, and I speak as a rating surveyor."—H. TRUSTRAM EVE, F.S.I., *Bedford*. (p. 31.)

"Even if the principle were sound, how is it to be applied?"—E. H. BOUSFIELD, *Gresham Street, E.C.* (p. 62.)

"Calculations of this nature are quite beyond the ordinary layman, and they are subject to uncertainties even in the hands of the skilled valuer."—WM. FRASER, F.S.I., *Glasgow*. (p. 41.)

"I cannot, therefore, see that anybody will benefit by taxing in separate parts—that is, land and house separately—which must be a much more costly proceeding than to tax, as they do at present, the land and house together as one whole."—WALTER EMDEN, *Strand, W.C.* (p. 27.)

"The underlying principle of Mr. Trevelyan's Bill is that of assessment of hypothetical value, which may or may not ever be attained, inasmuch as it is proposed to assess the value of the site irrespective of its present use."—BRITISH LAND CO., LTD., *Moor-gate Street, E.C.* (p. 54.)

" Monstrous to introduce, as appears to be intended, the principle of taxing the site at a value wholly irrespective of its present user. It would be as reasonable to tax the holder of South Eastern Railway deferred shares, which do not pay any dividend, on some estimate as to the income they *ought* to produce, as to tax a site on the use to which someone might think it *ought* to be put."—E. H. BOUSFIELD, *Gresham Street, E.C.* (p. 61.)

"Only the lawyers could look on with equanimity at the prospect of the incessant disputes that would take place between the owner and the rating authority as to what constituted the selling value of the land."—B. SHIRLEY SMITH, *Birmingham*. (p. 22.)

Valuation of Uncovered Land.

"The greatest difficulty in the administration of the Bill, should it become law, will be the determination of what is and what is not building land. Had this Bill become law six years ago he [a client] would by now have paid six years' rates, at building land value, for land for which there is no demand, and which is let at about twenty six shillings per acre per annum."—THOS. WINDER, Assoc.M.I.C.E., *President of the Sheffield Society of Architects and Surveyors, Sheffield*. (p. 32.)

"Ripe building land would not present difficulties in assessment, but it is *unripe* building land—land which is presumed to have prospects beyond pasturage or cultivation—which causes the widest divergence of expert opinion. It may not be too much to say that no one is skilled enough to guess with accuracy the prospects of uncovered land. I have

known land purchased 35 years ago on which streets and sewers were immediately constructed, but on which there are no buildings to-day."—SIR JOHN ROLLESTON, M.P., *Leicester, past-President, Surveyors' Institution.* (p. 59.)

Taxing Capital Value.

"Now, it cannot be too strongly emphasized that we have never, in this country, had any local taxes assessed on capital value, but always on income, and that these proposals, therefore, imply such a complete and absolutely momentous departure from established principles that, if adopted at all, which is earnestly to be deprecated, it should be only after the most searching expert enquiry, and as a feature in the entire re-adjustment of our existing system. . . . Why, on the one hand, should the investor who, in developing his land, is at least doing some good, be made in the meantime to pay 3 per cent. per annum on the capital value of his investment, while, on the other hand, the speculator or investor in shares is allowed to escape?"—ARTHUR TAPP, F.S.L., *Westminster, S.W.* (p. 36.)

"The special objection that there is to the Bill to my mind is the proposal to rate uncovered land on its hypothetical capital value."—SIR JOHN ROLLESTON, M.P., *Leicester, past-President, Surveyors' Institution.* (p. 58.)

"The project is not only a considerable but a fundamental innovation, and one that should not, if adopted at all, be adopted except after the whole system of our rating and taxation has been looked into and re-adjusted as part of a general scheme."—B. SHIRLEY SMITH, *Birmingham.* (p. 21.)

"If it is fair to tax capital invested in land, the value of which is supposed to be enhanced by its situation in populous surroundings, such as a city or burgh, it would be equally fair to tax capital invested in trade or manufactures within the same populous centre."—JAMES BARR, F.S.L., M.L.C.E., *Glasgow.* (p. 11.)

"Above all, let the hypocrisy of taxing land on some imaginary value it does not happen to possess, receive the quietus which must result whenever the question is honestly considered by men who understand it."—HAROLD GRIFFIN, F.S.L., *Battersea, S.W.* (p. 19.)

"Our English principle of taxation and rating has been upon the actual annual value actually received by the taxpayer. The money is wanted by the public authority for what are annual current purposes. It has therefore for centuries been considered just that only actual income should bear actual burdens. The proposals now mooted, and which have been often mooted, are to tax capital and usufruct as well. . . . Land, if it is occupied by buildings, fetches a gross rent for the two. It is taxed upon

the whole value. It would, therefore, be unfair to tax the land value again. . . . But even in these cases [new countries] they never tax capital as well as its income."—SIR HENRY KIMBER, M.P., *Westminster, S.W.* (pp. 27, 28.)

Anomalies of Urban Areas.

"The rating is confined within the arbitrary line of the burgh boundary, while land immediately outside the boundary, enjoying practically all the benefits arising from population, would escape taxation. . . . It is difficult to understand the attitude of the Glasgow Corporation. . . . They approve of the principle of the Bill, which would add an additional tax on the community of the burgh, and at the same time provide a cheap and rapid tram service to convey the citizens beyond the boundary where they would escape the taxation."—JAMES BARR, F.S.I., M.I.C.E., *Glasgow*. (p. 14.)

"Not only are some urban districts rural, and *vice versa*, but, owing to the peculiar relative position of district areas, in numerous cases, the boundary of a "rural" district—starting from which the land might have a considerable building value, but be exempt from the operation of the Act—cuts in quite close to the business centre of the town, whereas land *within* the urban area, which, being more remote from its centre of activity, might possess that element in a less degree, would nevertheless be brought within its scope. . . . There is here, even if standing alone, a defect in these proposals which is vital."—A. DUDLEY CLARKE, F.S.I., *Stourport*. (p. 51.)

As to Holding-up Land.

"Almost without exception, building land is built upon when it becomes ripe. . . . Few people can afford to hold such land back, and if they do they usually outstand their market."—SIR JOHN ROLLESTON, M.P., *Leicester, past-President, Surveyors' Institution*. (p. 58.)

"Owners are always ready to avail themselves of opportunities for developing their property as soon as it can be done judiciously."—E. W. TURNOR, F.S.I., *Stafford*. (p. 31.)

"My experience is that landowners are only too anxious to find customers for land which is lying vacant, and this is not a mere matter of opinion. . . . Quite recently, at the meeting of the Corporation [Glasgow], the Chairman of the Committee on Uninhabitable Houses stated that as regards one and two-apartment houses, there were as many vacant just now as would house 22,000 people."—JAMES BARR, F.S.I., M.I.C.E., *Glasgow*. (p. 17.)

" . . . This is fallacious, as such holding-over seldom occurs . . . The demand for building land is less at the present time than I have known it during an experience of a third

of a century."—THOS. WINDER, Assoc.M.I.C.E., *President of the Sheffield Society of Architects and Surveyors, Sheffield.* (p. 32.)

"As a rule there is much more land in the market than there are purchasers. It is only in quite exceptional cases that it is otherwise."—B. SHIRLEY SMITH, *Birmingham.* (p. 25.)

"The experience of many years shews that, in a large majority of such districts, the demand for land fluctuates greatly This company has owned one estate near London for more than thirty years, and development is still proceeding at an extremely slow rate. When the building trade is in an active condition, a portion of a building estate will be covered rapidly; the demand will then die away, and the land become practically unsaleable, until possibly some years later it will again revive. . . . In many parts of the country there are numbers of building sites which can neither be sold nor let by the owners. The Bill would involve freeholders of properties such as these in the payment of rates upon property which has absolutely no earning value.—BRITISH LAND CO., LTD., *Moorgate Street, E.C.* (pp. 54, 55.)

"I doubt if land can be forced into the market for which there is no natural demand. Certainly no economic force can provide money for putting up buildings, or create people to live in them."—SIR JOHN ROLLESTON, M.P., *Leicester, past-President, Surveyors' Institution.* (p. 59.)

"It may well be doubted whether the result will be to bring it [vacant land], on the average, earlier into use for building purposes. As a general proposition, buildings are produced at least quite as rapidly as the demand for them arises, and in cases where individuals have a monopoly I should doubt if the result would not be to raise instead of to lower ground rents. . . . There is always the chance of such land being taken up by trusts and syndicates and given off on their own terms."—JAMES I. DAVIDSON, F.S.I., *Edinburgh.* (p. 58.)

"Present experience in Glasgow proves that any extraneous influence, such as taxation, will not have much effect in helping the sale and development of the many acres of land now on offer. . . . The Assessor, a few months ago, reported that the net rental of the City was, in round figures, £250,000, out of a total of about five and a-half millions."—WM. FRASER, F.S.I., *Glasgow.* (p. 42.)

Effect on Building Development.

"Two companies and one private investor have expended, in Leeds, in recent years, nearly a million sterling in real estate, of which at least £300,000 is at present unproductive. . . . If the land had been rateable there would have been a net rateable value of at least £5,000 on the empty property, which at 8s. 2d. in the £ would have amounted to £2,450

per annum. . . . Had the Bill been in operation during the last ten years, scores of thousands of pounds worth of freehold land in Leeds would probably not have been sold.”—JOHN HEPPER, J.P., F.S.I., *Leeds*. (p. 52.)

“The building speculator . . . has to take considerable risks. It is this class that the Rating Bill, I believe, wants to catch, and I submit it is the wrong class to be caught. . . . It is the speculating pioneer to whom large towns owe much progress and improvement. . . . He it is who makes the Municipality rather than the Municipality makes him. . . . A speculator made raised streets across the marshes and largely built Belgravia. . . . To rate land on the capital value . . . would check enterprise; bring serious loss to those who could not have foreseen such an unjust impost; imperil many mortgage investments; and place an intolerable burden on the savings of working people.”—SIR JOHN ROLLESTON, M.P., *Leicester, past-President, Surveyors' Institution*. (p. 59.)

“It would deter owners from placing their land upon the market for purposes of building until there was a certainty of its being rapidly taken up.”—B. SHIRLEY SMITH, *Birmingham*. (p. 22.)

“The result, in my opinion, would be:—To considerably increase the price of building sites. . . . To cause the development of property into smaller plots. . . . To induce owners to sell sites promiscuously, without regard to reservations which at present protect the character of a neighbourhood and guard the interests of neighbouring householders. . . . Residences of all descriptions would have less garden ground, therefore less air space.”—ARTHUR TAPP, F.S.I., *Westminster, S.W.* (p. 38.)

“The company has been in existence for about fifty years, and during that period has been engaged in the purchase and development of building estates to the value of upwards of four millions. During the last ten years the average rate of dividend paid upon the capital of £300,000 has been about £5 per cent It is hardly necessary to point out how very serious would be the burden of taxation resting upon a company like the one represented by my directors, where the shareholders are, for the most part, investors of very small means.” — BRITISH LAND CO., LTD., *Moorgate Street, E.C.* (pp. 54, 55.)

“It [the Freehold Land Society, Birmingham] has acquired and retailed out a great number of estates, cutting them up, developing them, and dividing them amongst its members. . . . Its work, if this Bill became law, would be entirely stopped.”—B. SHIRLEY SMITH, *Birmingham*. (p. 23.)

“The operation of the Bill will deter the speculative builder and investor from embarking their capital in the erection of houses, shops, and the smaller class of business premises; first, because

they will not be able to obtain money advances so easily as now ; and, secondly, because their obligations in respect of empty property will be greater."—JOHN HEPPEL, J.P., F.S.I., *Leeds*. (p. 52.)

"Suppose . . . Lord Calthorpe had had to sell his land piecemeal and promiscuously in building plots, where would have been the beautiful suburb of Edgbaston to-day? . . . Is it likely that . . . Lord Calthorpe would lay out hundreds, if not thousands, of pounds in making roads and otherwise developing his estate for the sole purpose of being rated on the improved value that would arise from his own expenditure?"—B. SHURLEY SMITH, *Birmingham*. (pp. 23, 25.)

"Such suggested taxation would have a most depreciatory effect on urban land, whether covered or uncovered ; it would tend to retard improvements and development, and would not only reduce its value enormously—and thus counteract the desired object of getting more money out of it in rates—but would, in fact, make urban land almost unsaleable."—E. H. BORSFIELD, *Gresham Street, E.C.* (p. 62.)

How the Tax would Operate.

"It will increase the burden upon the land ; will alter the relations of landlord and tenant ; will render necessary a review by mortgagees of their position ; will compel building societies to alter their regulations to the disadvantage of their borrowers ; will create a new risk for trustees ; will increase the cost of rating valuations and number of appeals ; will supply, at the public expense, a large amount of information, for the obtaining of which they [private individuals] now employ experts at their own expense ; and will render necessary an inquiry into the covenants and obligations contained in leases and other deeds, as well as into the question of easements, and a variety of matters which affect the value of land."—JOHN HEPPEL, J.P., F.S.I., *Leeds*. (p. 51.)

"The taxing of the entire site value is obviously an unequal and, therefore, an unfair way of intercepting a portion of unearned increment. In some cases a tax of a penny in the £ on capital value, which is 2s. 9d. in the £ on annual value, might amount to only a portion of the unearned increment, but in a very large number of cases it would amount to the whole, or more than the whole."—E. W. RUSHWORTH, F.S.I., *Savile Row, W.* (p. 34.)

"Such a measure would generally be grossly unjust to the owners, and in many cases to their lessees, as they would be rated on a higher value than they were receiving benefit from."—E. W. TUCKER, F.S.I., *Stafford*. (p. 31.)

"Their [the landlords] place would be taken by wealthy corporations who would have no interest in the locality or in the inhabitants, with the result that farm land near towns would be thrown

out of cultivation and "cut up" by roads into tenantless building land."—ARTHUR TAPP, F.S.I., *Westminster, S.W.* (p. 38.)

"It cannot be applied, in any case retrospectively, as it is proposed to apply it in Scotland, except at the cost of a complete abnegation of all existing contracts, an entire upheaval of the law of the land, and unless everything relating to property is to be turned topsy-turvy."—E. H. BOUSFIELD, *Gresham Street, E.C.* (pp. 60, 61.)

"Even those owners of ground rents whose predecessors leased their land long ago, at rates only fractional as compared with its present value, are [under the Scotch Bill] to have the land tax deducted *pro rata* from their small ground-rent incomes, although their forbears, in thus leasing their land readily and timeously, may have proved themselves to be original saints instead of original sinners."—JAMES I. DAVIDSON, F.S.I., *Edinburgh.* (p. 57.)

"Mortgagees and annuitants must suffer . . . inasmuch as a first charge of a very onerous character would be imposed . . . It is quite conceivable that persons who could not possibly be benefited by any increment . . . might be ruined by the taxation imposed under this Bill."—BRITISH LAND CO., LTD., *Moorgate Street, E.C.* (p. 55.)

"Such legislation must affect the market value of ground rents, deteriorating them by several years' purchase."—DONALD DINWIDDY, F.S.I., *Parliament Street, S.W.* (p. 20.)

"Although the Bill (Clause 3) exempts existing contracts, it would, in this manner be, in practice, retrospective, and would be likely to inflict loss on all present owners of urban property. . . . Investors, feeling their position to have become more onerous and insecure, will no longer seek freeholds as an investment as eagerly and confidently as they have hitherto done."—JOHN HEPPER, J.P., F.S.I., *Leeds.* (p. 52)

"It will simply disturb the property market and check building operations."—WM. FRASER, F.S.I., *Glasgow.* (p. 45.)

"Ground kept for garden purposes would—because there might be some latent element of building value in it—be rated as building land."—E. H. BOUSFIELD, *Gresham Street, E.C.* (p. 61.)

"Any legislation which tends to reduce the open spaces in and around our centres of population will be as injurious to public health as Pitt's Window Tax."—THOS. WINDER, Assoc.M.I.C.E., *President of the Sheffield Society of Architects and Surveyors, Sheffield.* (p. 32.)

"Building societies have been able to lend up to three-fourths of the value of the properties . . . They will no longer find it possible to be so liberal [they] should oppose most energetically this insidious and dangerous Bill. . . . Co-operative and friendly societies, who have invested large amounts of

capital in freehold properties for purposes of investment, ought also to consider their position."—JOHN HEPPEL, J.P., F.S.I., *Leeds*. (p. 53.)

"Are the promoters of these proposals aware that the tradesman and the thrifty working man invest their savings in house property more often than in anything else, for the reason that they understand it better?"—ARTHUR TAPP, F.S.I., *Westminster, S.W.* (p. 37.)

"The land-rating Bill would impede rebuilding in towns. . . . Landlords would be inclined to keep up old and dilapidated buildings rather than incur the increased risks which would attend all improvement schemes."—A. SHIRLEY SMITH, *Birmingham*. (p. 23.)

Who would Pay.

"The direct rating . . . will not bring an extra penny to the rates, and, so long as existing leases are not affected, the ground landlords will not suffer, as in future leases they will exact a higher ground-rent to cover the rates."—DONALD DISWIDDY, F.S.I., *Parliament Street, S.W.* (pp. 19, 20.)

"The proposal . . . is made with a view to finding further sources of income, and to relieving the heavy local taxation under which we at present suffer. If this is the object, the taxation of land values will not accomplish it, inasmuch as whatever is to be paid upon the land by the owner or intermediate owner will, as always, in the ordinary course of things, be refunded by way of rent from the occupier."—WALTER EMDEN, *Strand, W.C.* (p. 27.)

"Landlord and tenant . . . each pay a share; and at the present time in Glasgow . . . 4s. may be regarded as being, roughly, the proportion paid by the tenant direct, and the remaining 2s. the proportion paid through the landlord. . . . I say paid *through* the landlord, for the simple reason that the landlord merely includes this 2s. in the £ in the rent charged."—WM. FRASER, F.S.I., *Glasgow*. (p. 40.)

"Whatever additional rate is imposed will, naturally, be added to the rent hereafter to be paid by the occupier. The law of supply and demand will see to this."—E. H. BOUSFIELD, *Cresham Street, E.C.* (p. 61.)

"They pay through their tenants, and, if made to pay direct, have a not uncertain means of reimbursing themselves."—B. SHIRLEY SMITH, *Birmingham*. (p. 25.)

"It will, I believe, lessen the demand for building land, and, in the long run, tend to decrease the provision of house accommodation, and, consequently, to encourage overcrowding, which means the enhancement of existing rents; . . . The only compensation it will confer upon occupiers is the meagre advan-

tage of a division of rates between landlord and tenant."—JOHN HEPPER, J.P., F.S.I., *Leeds*. (p. 52.)

"On the whole matter it appears to me to be not improbable that sooner or later the occupier would be most likely to suffer under the proposed scheme."—JAMES I. DAVIDSON, F.S.I., *Edinburgh*. (p. 58.)

" Would tend to stop leasing altogether would press with great hardship on many occupiers of retail shops and manufactories, who pay their own rates, and to whom an occupation lease is essential for the protection of the goodwill of their business. Building leases would become quite impossible."—B. SHIRLEY SMITH, *Birmingham*. (p. 24.)

"Rights of the Community."

"I think it would be both imprudent and unwise, on the part of the objectors, to ignore the fact that the proposal does not, in theory, appear unjust. I think, however, that it may be possible to show that the means by which it is proposed to arrive at this end will produce such evils and hardships as will render the scheme, on the whole, of doubtful advantage to the community, and, at the same time, harsh and unjust to individuals."—E. W. RUSHWORTH, F.S.I., *Savile Row, W.* (pp. 33, 34.)

"Of course, the reasons, or rather, the plausible theory is that any increase in the value of a site is created by the community, and that that increase—if possible the whole of it—should be appropriated. It is difficult to reason out why any individual should escape paying a part of his just and lawful debts, in the shape of taxes because it may have happened to suit the convenience of a section of the community to take up their residence in a particular locality. The rise in value of property can frequently be traced to the enterprise of an individual or company, and to their establishment of an industry, or means of communication. But these very enterprises have, by diverting traffic, displacing population, destroying amenity, &c., &c., frequently a disastrous effect on property in other situations, and the same in even a more marked degree is the case with legislation for the benefit of the community. The necessities, preferences, and acts of the different sections of the community have as much influence in causing loss as in producing profit. In common fairness both sides of the account between the landlord and the public ought to be reckoned up by theorists."—WM. FRASER, F.S.I., *Glasgow*. (pp. 42, 44.)

"It is not property that is taxed for municipal expenditure, but the individuals who get the benefit of the work that the municipality does for them; and the owner of land which he does not occupy is rightly not called upon for "rates," because he contributes to the income of that municipality within whose borders he resides."—EDWIN FOX, F.S.I., *Gresham Street, E.C.* (p. 36.)

"It is not reasonable that the man who invests in urban land, from which he may get no return, should contribute to the rates, while another, who has equal capital value in cash, on deposit in a bank, or locked up in a strong room, should contribute nothing."—JOHN HEPPER, J.P., F.S.I., *Leeds*. (p. 54.)

"The system is most inequitable. Every member of the community has an interest in the support of the poor, in education, in the care of the public health, and in the maintenance of the police, and so on, and the burdens imposed for these should not be exclusively borne by the owners and occupiers of real property as such."—JOHN DANSKEN, F.S.I., *Glasgow*. (p. 30.)

"The 'unearned increment' in land, and the consequent increase in value, arises, it is said, from no act of the owner; perhaps not; nor does the increase in value of other properties. What but the prosperity of the country makes the railways pay, and their shares, in some cases, rise far above par? . . . In the case of ground let on a building lease, the owner has no further interest whatever in the site value until the lease expires, while the occupier, on the other hand, who, as is not to be lost sight of, occupies and controls not only the structure but the site as well, enjoys to the full all advantages accruing to it during the term. . . . That the occupier, as such, must and ought to pay, is clear."—E. H. BOUSFIELD, *Gresham Street, E.C.* (pp. 61, 62.)

Question of Representation.

"Mr. Trevelyan proposes a division—in proportion to site value and value of buildings—of the full rates of the district. . . . The Select Committee on Town Holdings, in 1892, recommended the adoption of 'a division of rates' in England, but Mr. Goschen accompanied the proposals by elaborate provisions with regard to representation on the spending authorities. . . . The Minority Commissioners, not considering that 'any effective scheme of this nature would be considered compatible with the increasingly democratic character of local self-government,' and pointing out that 'lessors, in most cases, have no votes as such, and, if they had, would probably have no adequate voting power,' arrived at the unanimous conclusion that *the scheme of division of rates must be rejected*."—A. DUDLEY CLARKE, F.S.I., *Stourport*. (p. 46.)

" . . . Have now turned their attention to 'urban land,' with a desire to extract from it a fund enabling the recently-created local bodies to carry on their lavish expenditure uncontrolled by their constituents."—E. H. BOUSFIELD, *Gresham Street, E.C.* (p. 60.)

"There is . . . the injustice of taxing, without even representation, the holders of existing ground-rents, who are the only parties unable to protect themselves."—WM. FRASER, F.S.I., *Glasgow*. (p. 42.)

"If the rates were imposed here, as in England, on occupiers only, there would be little to complain of, but when, as is the case here at present, and would be the case in England if present proposals were adopted, they are imposed partly upon occupiers and partly upon owners by an assessing body practically elected by occupiers, the injustice is obvious."—JOHN DANSKEN, F.S.I., *Glasgow*. (p. 28.)

Suggested Remedies for Inequality.

"Although . . . the income value of realty is not one-seventh part of the whole income of the country, all the local rates in the kingdom, town and country alike, are collected from heritable or real property. . . . 'No change . . . would be satisfactory which did not . . . make further provision for the equitable contribution of all kinds of property to such taxation.' 'It will be impossible properly to adjust local burden until the logical and necessary distinction between national and local services is drawn.' . . . The best solution would be the appointment of a Royal Commission to inquire into the question [of both Imperial and Local taxation.]"—JOHN DANSKEN, F.S.I., *Glasgow*. (pp. 29, 30.)

"An income tax on profits from personalty, equal in amount to that charged on investments in real estate, might be levied and collected by the imperial authorities, and distributed to the local authorities."—ARTHUR TAPP, F.S.I., *Westminster, S.W.* (p. 37.)

"Let there be no more tinkering with the taxation of land and house property. . . . Let us have a proper system, under which every one will contribute, on an equitable scale, to the relief of the poor, education, libraries, and other expenses which have little or nothing to do specially with land or house property. . . . The argument that elected bodies represent the electors and can be trusted as to expenditure, is a fallacy, and the rights of the minority must be enforced and respected: (1) By legal restrictions which will prevent . . . the rates from being increased, and also prevent that recourse to borrowing . . . so unjustifiably resorted to; (2) By an income tax in aid of local expenses; (3) By the absolute prohibition of municipal trading."—HAROLD GRIFFIN, F.S.I., *Battersea*. (p. 19.)

"Those of us . . . are only too well aware of the seriousness of the position which is being created throughout England and Wales by this second national debt, a debt which now amounts to almost three hundred and forty-three million pounds, and it is satisfactory to see that the Public Loan Commissioners are making a decided stand against further increases."—THOS. WINDER, Assoc.M.I.C.E., *President of the Sheffield Society of Architects and Surveyors, Sheffield*. (pp. 32, 33.)

"The whole question of taxation of land values has already

been fully inquired into at great length by the Select Committee on Town Holdings and the Royal Commission on Local Taxation, and both have reported against any new tax on land or alteration of the present method of assessment."—JAMES BARR, F.S.I., M.I.C.E., *Glasgow*. (p. 17.)

"Mr. Trevelyan's Bill would make an isolated feature of the rating of land values. The Minority Commissioners proposed it as part of, and dependent on, an entire readjustment of local taxation, a main feature of which was a largely increased subvention from the Imperial Exchequer in relief of the rates."—A. DUDLEY CLARKE, F.S.I., *Stourport*. (p. 47.)

"While local rates for all purposes are levied on such a limited class of property, and such a limited class of people, pressure for the readjustment of their incidence must always be looked for: but, if municipalities want a larger field from which to gather in their increasing exactions, let them be original enough to get the doors of the safes and strong-rooms open and levy some portion of their rates upon the large properties hidden away therein."—SIR JOHN ROLLESTON, M.P., *Leicester*, *past-President Surveyors' Institution*. (pp. 59, 60.)

"If, for the efficient government of the country, whether local or imperial, more money is required, it will have to be provided, and provided without factious opposition, but that it should be provided by one class only is neither requisite nor just. . . . If the local authorities were given powers to acquire land at a fair price, it would furnish a complete answer to the only argument on this, and the land question generally, which has any substance in it, viz., that the land is a monopoly."—B. SHIRLEY SMITH, *Birmingham*. (p. 26.)

"My directors are . . . convinced that it would be possible to give public authorities power to acquire such land in the public interest, and upon equitable terms, without involving a large number of persons in the undeserved hardships and pecuniary loss which must inevitably result from the passing of . . . the Bill under consideration."—BRITISH LAND CO., LTD, *Moorgate Street, E.C.* (pp. 55, 56.)

Ultimate Object of the Agitation.

Personally, I have an uneasy feeling that, notwithstanding the monstrous injustice that this abolition of clause protecting existing contracts would work, it is by no means impossible that it would occur. And if by that time—by means of the present Act—the way had been prepared, and the machinery got more or less into working order, that disastrous alteration might be adopted by the Legislature before most people were even aware of its having been proposed."—E. W. RUSHWORTH, F.S.I., *Savile Row, W.* (p. 35.)

"The proposed Act can only be considered as a prelude to the

Socialistic scheme for doing away with all private ownership."—
E. W. TURNOR, F.S.I., *Stafford*. (p. 32.)

"The evidence of Bailie Ferguson taken before the Royal Commission on Local Taxation, in 1898, contained the following [Bailie Ferguson was the representative of the Glasgow Corporation, and moved the principal resolution which was adopted at the October meeting of municipal authorities]:—

(Q. 16838). 'At present, I understand you would put upon that [the site value] the whole of the rating of Glasgow?' *Ans.* '£600,000, the municipal rates of Glasgow.'

(Q. 16842). 'If the voters in Glasgow desired it, you would think it right to take the whole?' *Ans.* 'Yes; except that the Imperial taxes have to be considered.'

(Q. 16872). 'I think you said you were not a single taxer?' *Ans.* 'No. I will give you the reason why. The single taxers say they are satisfied with 2s. or 3s. to begin with, or even less, as it cannot be shifted. . . . I hold that nothing short of 20s. in the £ will be a complete settlement of the question.'"

"The evidence of Bailie Peter Burt, a prominent Town Councillor and Member of the Committee on Land Values, comprised the following:—

(Q. 16170). 'To whom are you going to restore the land?' *Ans.* 'To the people.'

(Q. 16171). 'By this proposal?' *Ans.* 'Yes.'

(Q. 16172). 'But this proposal will not restore it to the people will it?' *Ans.* 'What people want land for, in the sense of ownership, is not the land but the rent; and if we restore the rent to the people, we think we do all that is necessary to satisfy them.'

(Q. 16175). 'What is to be the next step?' *Ans.* 'Increase the tax upon the value of the ground.'

(Q. 16176). 'Until you take it all?' *Ans.* 'UNTIL YOU TAKE 20s. IN THE £.'"—THOMAS M. STEWART, *Glasgow*. (pp. 67, 68.)

"I have always felt that there is something of dishonesty and something of Socialism in the project. . . . That is to say, it is an attempt to secure the nationalization of the land, not straightforwardly, but by degrees, and by a side wind; or, to put it plainly, to rob the people who are the present landowners, for the benefit of those classes of the community who are not landowners but desire to become so on the cheap. . . . A policy of confiscation would certainly result in very great sources of income—for a time—but honesty is the best policy in politics as well as in business life, and a measure which is not founded on

that rock will sooner or later recoil on its supporters."—B. SHIRLEY SMITH, *Birmingham*. (pp. 21, 25.)

"Mr. Trevelyan says 'what is needed is to levy the rates no longer from an assessment which represents the letting value of the whole property, including the buildings, but gradually to levy them on the land value alone. . . . Land-value rates, based on the true selling value of the land, will send the landlords begging to the community. . . . They will come tumbling over one another in their eagerness to sell; and down will come the value of land to the price at which it ought to be sold, that is, a little above its agricultural value.'"—A. DUDLEY CLARKE, F.S.I., *Stourport*. (p. 48.)

"The chief reason why they (Progressives) favour the taxation of land values is, not so much on account of Socialistic sympathies, but because, under the present system, the rates are becoming intolerable, and new sources of revenue must be found for the ambitious schemes of expenditure which are now the order of the day."—HAROLD GRIFFIN, F.S.I., *Battersea*. (p. 18.)

"It is surely the duty of those who are interested in the buying and selling of property to take some action in the matter. What it should be I leave to them."—H. C. RICHARDS, K.C., M.P., *Temple, E.C.* (p. 21.)

"In Mr. Saunders's examination before the Town Holdings Committee, he stated his opinion that all ownership of land was 'legal robbery,' and that if he had his way he would tax land at 20s. in the £—*i.e.*, absolutely confiscate it. He was at that time a British legislator!"—C. F. DOWSETT, F.S.I., *Basingstoke*. (p. 62.)

"I quite agree that it is high time something was done to put the facts clearly before the public, and show up the pernicious character of the agitation."—JAMES BARR, F.S.I., M.I.C.E., *Glasgow* (p. 13.)





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